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THE Eastern Economist

VOL. XXIV. NO. 1. NEW DELHI: JANUARY 7, 1955. ONE RUPEE

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The Impact of Idealism

IN economic affairs, the year 1955 opens with a cloud. At least in the assessment of economic policy, events in the last two months of 1954 created doubts which have been carried over into the new year. It may well be—indeed it almost certainly is—true that words and phrases such as "the picture of a Socialist society" or the "warning" unwisely issued by Mr. Khandubhai Desai on January 2, at Nagpur are designed for political effect; they no more measure the substance of coming events than the opposite phrase that only private enterprise can be efficient. Although the private sector in the Indian economy has become hardened to pronouncements of various degrees of confusion in economic policy, it is beginning to wonder whether its courage is not a little foolhardy. Some of this misgiving expressed itself in the meeting of the Associated Chambers of Commerce at Calcutta last month. It may have looked as if, that being a sectional platform, the misgivings expressed were exaggerated. But enquiries in the following three weeks show that, if anything, the President of the Associated Chambers, Mr. G. M. Mackinlay, understated the apprehensions that exist. It is not so much that the private sector is averse to the public sector's growing desire to do things for itself. It is that the public sector is blind to its own weaknesses. There is a wide belief that the public sector's behaviour at the present time indicates unawareness of the real difficulties of economic development.

Things are certainly not improved when members of the Government use such irresponsible language as Mr. Khandubhai Desai, Union Labour Minister, is reported to have used at Nagpur on January 2. Accord-

Audit runs Amuck

AUDIT reports have, all through the decades during which they have become a valued part of our administrative procedures, rarely sought the limelight of publicity to justify their importance. Audit had seemed a "cloistered virtue" and Dr. Johnson's definition of lexicographer as a harmless drudge seemed to fit the plodding nature of the auditors' profession, even though a seemingly unending process of bluepencil checkmarks could occasionally be interrupted by the discovery of an irregularity or worse. Such discoveries were not news; they were matters for further scrutiny and discussion with a view to removing the inevitable lapses of the administration in observing prescribed procedures for financial transactions. The audit branch thus earned for itself an honoured place as the watchdog of the country's finances and the Constitution has consequently guaranteed a special status which is almost on a par with the judiciary and the Public Service Commissions. Public policy was never within the realms of these distinctly separate authorities whose responsibility was confined to seeing that policies were executed within the framework of the procedure laid down by law. Should the audit branch now set aside these respectable traditions in this age of publicity, like some statesmen of our day who often act their parts to please the wider audiences reached through radio and television?

This question is prompted by the audit report on the Industrial Finance Corporation published recently. The I.F.C. was subjected only last year to a close scrutiny of its general administration. The Government Resolution of December 3, 1953, settled the outstanding issues on which doubts had been entertained by the Committee about the various aspects of the administration. And yet, we now find the Comptroller and Auditor General seeking, by virtue of the audit responsibilities vested in him (by the amending Act of 1952), to embark not only on a scrutiny of the accounts since the date he acquired jurisdiction, but "on a broad review of the policy adopted and the exercise of discretion vested in the various authorities to determine whether these were in accord with the purpose for which the Corporation was constituted". This, indeed, is a very startling assumption. One is at a loss to know since when the scope of audit by the Comptroller and Auditor General became so widened as to include a review of the policies adopted by the institutions to be audited or to sit in judgment on whether a discretion duly vested in an authority by law had been properly exercised or not. Would, for example, an audit of the expenditure of the External Affairs Ministry involve the auditor's approval of India's foreign policy? This wholly supererogatory role by which audit now seeks to usurp the functions of the other branches of Government seems to be without precedent. In addition, in this case, the report is an affront to the Enquiry Committee and the Government who have dealt with the affairs of the Corporation in all its general aspects.

If it were merely a technical excess in the exercise of jurisdiction for audit, we could even overlook it, if the results are of such value as to provide guidance for the future working of such institutions. In the present case, the outcome has been to draw up a serious indictment of the authorities of the I.F.C. on the most flimsy grounds. After conceding that the Act did not define the Managing Director's powers and that the Board had by regulations entrusted wide powers to the Chief to transact the business of the Corporation, the Report goes on to cite instances of acts done without the Board's prior approval on a number of discretionary matters (like the waiver of penal interest on borrowers). These are not only trivial in themselves but are clearly consistent with the role the I.F.C. was expected to assume in order to discharge its responsibilities for industrial development. Is the exercise of discretion by the managers of our public corporations—which are expected to increase with the widening role for the public sector now envisaged as part of the socialistic picture—to be thus placed eventually at the mercy of such a reckless audit department which can publish unwarranted aspersions, capable of defaming the character and competence of these executives, on slender and unverified assumptions? Should the chiefs and boards of these corporations—which may vary in character from banking and industry to river valley development—lay aside their experience in their particular fields which entitles them to judge their problems, and keep on guessing as to what will satisfy the mixture of pettifogging and hindsight with which auditors may in future judge their actions? Should audit seek to lay down the principles on which industrial or banking development should have been carried on or stick to its profession of prescribing account-keeping to avoid irregularities?

This, and nothing else, is the question raised by the effrontery of the authors of the audit report on the I.F.C. Since prior approval was admittedly not required under the regulations, there have been few cases of excess of authority. The variations of interest rates between 5½ and 6 per cent and of rebates between ½ and 1 per cent were not unwarranted acts and certainly not illegal or improper. Is the auditor to judge, as he has done, whether the I.F.C. should in the context of the financial position of a particular concern, grant loans or advise the issue of share capital or debentures? No instance has been cited for the other charge that undue risks were taken regardless of the financial position of the companies. The disregard of the views of the Ministry of Commerce and Industry by the I.F.C. was not one which concerned audit and the Ministry can well look after itself. In any case, the distinguishing characteristic of a corporation from a department is that except where so specified by statute, official advice is not binding on it. These charges are obviously absurd. On most other points of detail, the authorities of the I.F.C. will no doubt have their own side of the case and there need be no surprise if these charges also are of one piece.

The whole inquiry embodied in the report is vitiated by the wrong assumption that audit responsibilities extended to the scrutiny of the exercise of discretion even where it was lawfully exercised and no accounting on statutory irregularity was involved. Thereafter it became a diligent exercise in discovering mare's nests in order to substantiate a formidable charge. The Government Resolution of last year had clearly laid down that the question "how far the existing procedure needs to be changed consistently with the ultimate responsibility of the Chief Executive" will be examined. By implication, it had acknowledged and underlined this ultimate responsibility, which the I.F.C. Act had also contemplated. Government had also then added that the I.F.C. represented "a new experiment in the field of industrial finance and principles could be evolved and practices established only in the light of actual experience." There is little doubt therefore that the present audit report is a wholly gratuitous piece.

Here is a danger, not to the private sector, which fortunately is beyond the jurisdiction of such audit, but to the potential public sector which already has a large problem of finding managers enterprising enough to undertake development. They will never be found if their hands and feet are thus to be tied, nor can they be free enough to act according to their judgment if they have to live in dread of the prospect of being smeared by agencies which have no responsibility to build but can shout destructive criticism.

G.E.C.

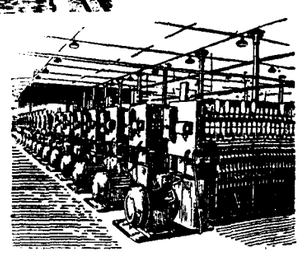
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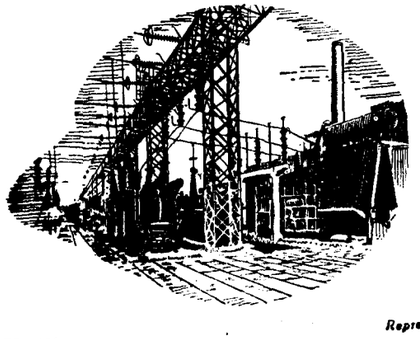


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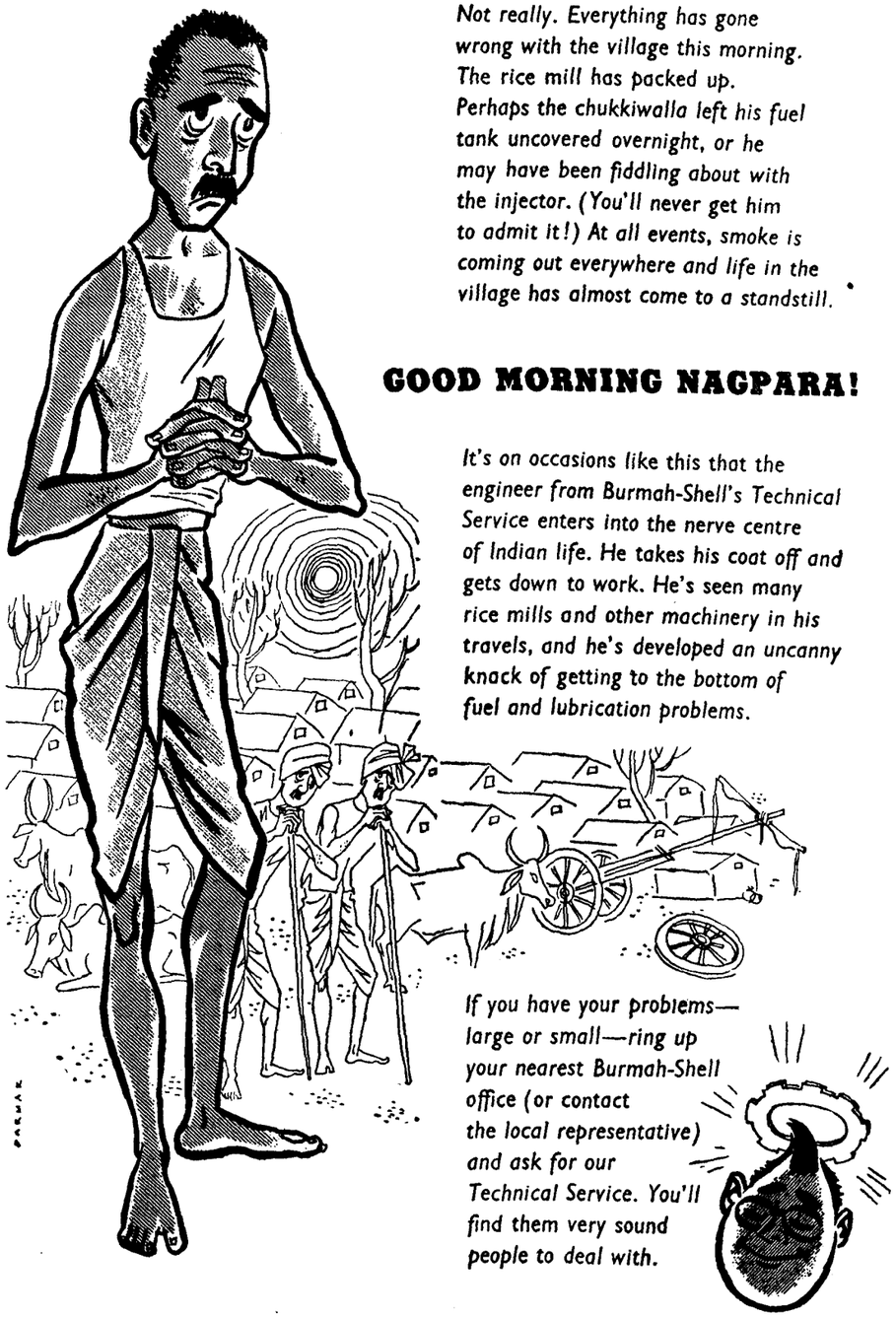
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THE WEEK'S NOTES

THE BOGOR COMMUNIQUE

At Bogor, much of the time of the five Prime Ministers was taken up by the principles on which the Afro-Asian Conference should be convened. Twenty-five countries in Asia and Africa which have independent governments are proposed to be invited and together with the five sponsoring Powers, the thirty would include several which are in different minds on the main problems. That will help to refute the charge that the object of the Conference will be the formation of an Afro-Asian bloc or an exclusive club. There are significant omissions—the outstanding case being the Union of South Africa—because of the general purposes of the Conference. Even so, the position of the Central African Federation which, in its origin and subsequent practices, has been accused of racial and disriminatory policies may not be comfortable by the side of the Gold Coast, the Sudan, and Libya when these policies arise for discussion in the course of the Conference. "The basic purpose of the Conference" says the Bogor Communique, "is that the countries concerned should become better acquainted with one another's point of view." The invitation to China may prove a hurdle to the countries not recognising the Peking Government but this will not be more serious than the embarrassment to the many members of the United Nations over the Nationalist representative speaking for China.

The Afro-Asian Conference will thus provide a debating forum for many shades of opinion even on what admittedly are common problems and it does not seem that anything else is presently expected out of it. If China is to be told that there is distrust of her size among her smaller neighbours, the West will be simultaneously asked to do more in practice about ending colonialism and ensuring political equality of the coloured peoples, especially in Africa. At Bogor, the five Powers have had their particular problems approved. Indonesia's position on West Irian was supported by the other four Prime Ministers. The Tunisian and Morocco questions were presumably taken up at Pakistan's suggestion. The two paragraphs concerning co-operation in economic development, survey of resources and supply of technical personnel must have satisfied Burma and Ceylon. India's contribution must be traced in the gratification over Indo-China, the hope about avoiding outside interference and in the appeal for the cessation of thermo-nuclear explosions for experimental purposes. Even this type of general agreements possible among the five Prime Ministers—too vague and general as they are—may not be within the reach of the wider Afro-Asian gathering.

MUCH ADO ABOUT STEEL

Mr. A. R. W. Low's optimistic declaration on Wednesday last that the prospects for the new British offer of facilities for a steel unit were good and that the Government was most likely to accept it, should close the long drawn-out speculation during the last three months. It is gratifying to find that the controversies which were caused by the earlier offer to collaborate with private enterprise did not altogether kill the project as it might easily have. If the Russian offer, on which a Soviet mission is already reported to have come to tentative conclusions, also materialises, a very satisfactory beginning would have been made on steel. The Commerce and Industry Minister's target of six million tons would then become meaningful because there would then be three new units with approximately half a million tons steel capacity each, which may, in due course, be extended, subject to the conditions in each unit, to a million tons each of finished steel. Together with the completion of the expansion schemes of the existing private units, about five million tons could be reached through these.

There is, therefore, not enough and there need be no complacency about it. These schemes can be promoted without serious difficulty in the public sector as the Krupp-Demag deal was pushed through. But real questions of development of the public and private sectors and their co-ordination would need far more co-ordination than now exists in the Government. Indeed, it was the lack of such co-ordination which led to a good deal of misunderstanding about these projects. It is hardly fair, once the emphasis has been placed on the public sector, rightly or wrongly, to divide the jurisdiction between the two sectors between two Ministries for competitive policies which destroy the co-ordination. That is the moral of recent events and one should hope that it will be assimilated if the "mixed" economy should present a sensible model.

There can be no finality at this stage about the terms and conditions of the British offer. Present reports indicate they are favourable, costing probably lower than the German deal. Much might depend on location also. If the Russians wish to take up a place in Central India for their plant, Durgapur seems the inevitable choice for the site of the British project.

DR. SHANTI SARUP BHATNAGAR

Dr. Bhatnagar was one of those exceptional men whose very presence and movements are a force for action and have a tonic effect on those around them. Of him it can be truly said that he succeeded in almost everything he touched. His sudden death on New Year's Day came as a sharp blow to all who knew him and understood his work. A dedicated public servant, he lived for one over-powering dream—the regeneration of India through the application of science and industry. Opportunities did not come to him for the asking, he worked and fought for them. He had to overcome much small jealousy and depend not a little on his shrewd understanding of human nature. In India, unfortunately too often, men of action and vision have to spend part at least of their energy in battling with ignorance and prejudice and that strange sense of caste among public servants and public men alike which persists as a legacy of the past. Thanks to steady and unfailing support from the Prime Minister, Dr. Bhatnagar went on from one achievement to another, building eventually a structure which the nation will ever associate with his name and Pandit Nehru's.

Dr. Bhatnagar's drive was fierce and unrelenting—he knew his purposes well—but he was also soft and persuasive, ever cheerful, and a friend in need not only to those who had helped him but also to those who criticised and opposed him. In private life he was generous and forgiving, had little value for wealth and possessions and gave far more than he ever received. Whether it was the grand design he had conjured up for his national laboratories, or the choice of men to run them, or the smallest detail of construction and equipment, he brought a bold imagination and a Catholic outlook upon every task he undertook. He was an Indian in the best sense of the term and picked his men with wisdom and a sense of fairness.

Bhatnagar's work will live long after him. He has laid the foundations for other men to build on. In doing so, he spent himself faster than he knew. His life and work were worth much to the nation; now that he has been taken away, his work remains unfinished, but the memory of his labours will be no less a source of inspiration for generations of scientists and workers in many walks of life.

MR. NEHRU ON LANGUAGE

The Prime Minister's reference to the controversies over language, in the course of his speech in Ahmedabad, must be read as a response to the dissatisfaction expressed in many quarters about the policies advocated by influential sections of the Congress party. Mr. Nehru is reported to have warned the people against the growing tendency to neglect English and emphasised that its importance was not confined to the international sphere, but extended also to our own studies. It can, of course, be pointed out that these statements do not influence the rank and file of the Congress party and in Bombay, it was this party which pursued a fanatical policy until the courts came to the rescue when even the express terms of the Constitution were directly flouted. The proof of that tolerance which Mr. Nehru expressed by declaring, "We want to develop all our languages" must be reflected in the actions. Distrust arises because of the self-righteous attitudes of those who seek to force the pace on Hindi.

Ultimately, as the Prime Minister said, it is the language itself which decides its own fate. The regional languages which have struck deep roots cannot be eliminated or destroyed. The passion of any group of people to develop a particular language will decide whether it will grow. In this sense many of the regional languages like Bengali, Marathi, Tamil, Telegu and Malayalam, have shown great vitality in recent times. The question is whether a new generation which has to grow into the new lingua franca will be so handicapped in this process that they would lose all the other benefits derived from foreign and regional languages. It must be recognised that the lingua franca is only a means of ordinary communication and would long remain so; it is the others, the regional and foreign languages, which must continue to act as channels for the flow of ideas and concepts with which the lingua franca can be enriched in due course.

A BOLD NEW PROGRAMME

The detailed programme for the development of small scale industries in the country adopted at the two-day meeting of the Small-Scale Industries Board is an ambitious one, but necessarily vague in many details. Under the programme, model workshops are to be set up to introduce improved tools and techniques in widely dispersed industries like carpentry, blacksmithy, pottery, leather flaying and tanning, and leather goods. The State Governments have the responsibility to prepare schemes for starting these workshops, which will differ in size and form according to local conditions. The Board has decided that a number of industries like furniture making, footwear, sports goods, glassware, cutlery, locks and cycle parts, which operate in groups in different towns, should be selected and given assistance to improve the quality of their products, reduce costs, introduce new designs and encourage production in new lines. Central workshops for undertaking operations which cannot be carried by individual small units economically, will be set up and even a system of quality marking has been proposed.

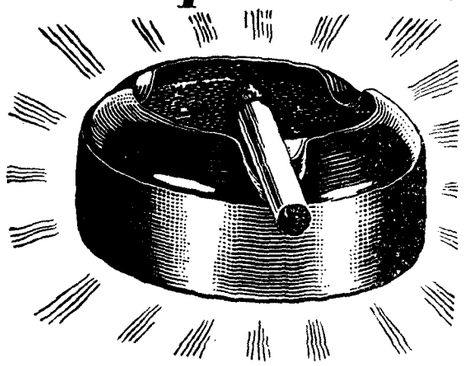
The Board considered a number of industries where manufacturing capacity has not been developed. A central organization is to be set up for each group of industries to arrange for land and buildings and to supply equipment and raw materials on credit so that new lines of manufacture could be introduced. It is expected that 45 such groups will be taken up for development during the next financial year including surgical instruments, mechanical toys, clocks, and laboratory and scientific equipment. The Board also approved a proposal for setting up five industrial estates during 1955-56. These estates will develop land, construct workshops and other buildings required by small units, arrange for the supply of electricity, water, gas, steam, compressed air and other facilities and provide community services. When such estates are developed it is expected that a number of inter-dependent small scale units would come into existence.

Measures to provide electric power at cheap rates and to increase its availability to the small scale producer were considered by the Board which agreed that in areas where the rates paid by small units are high, attempts should be made to introduce a new tariff for the supply of power to small scale units. The Board also felt that a million persons could get employment every year if six lakh new houses were built in the rural areas per year. It was also decided that attempts should be made to frame a co-ordinated programme whereby large scale factories would decentralise their operations and issue out jobs to different small scale units within easy reach of the factory.

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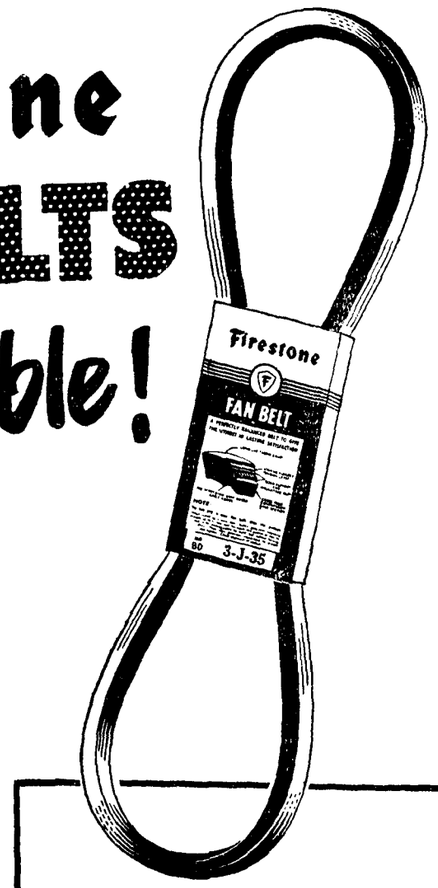


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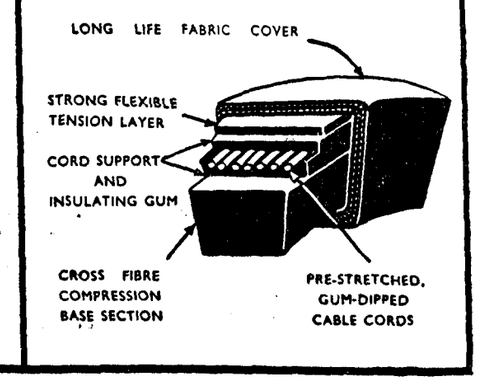
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WORLDGRAM

AGRICULTURE

Relief to Indian Cultivators: In view of the fall in prices of some food grains to unduly low levels in some isolated areas, the Government of India have decided that during the current khariff season they would be prepared to purchase from cultivators as a measure of relief in these areas jowar at Rs. 5-8 per maund, Bajra at Rs. 6 per maund and maize at Rs. 5-8 per maund at certain specified mandis in areas where the prices have fallen below these levels. Necessary instructions regarding the quality of the grains to be purchased, the manner of purchase and the names of mandis where such purchases would be made are being issued.

INDUSTRY

Rural Electrification in Orissa: Loan assistance of Rs. 47.07 lakhs had been approved for rural and small town electrification schemes in Orissa. The following are particulars of approved schemes. Electrification of the area Chatrapur—Pamba—Balugan—Kaluparghat (Rs. 13.75 lakhs); electrification of Bhanjanagar (Russelkonda) (Rs. 3.2 lakhs); electrification of the area Pipplli—Nimapara—Astorang—Konark (Rs. 8.5 lakhs); Phulnakhar-Sundargan line (Rs. 2.0 lakhs); electrification of Titlagarh Town (Rs. 2.2 lakhs); electrification of Katabanji Town (Rs. 2.0 lakhs); electrification of Suradha Town (Rs. 1.92 lakhs); electrification of the area Jaggatsinghpur—Kujang—Poradip (Rs. 4.0 lakhs); Kendrapara—Pattamundai (Rs. 3.5 lakhs); electrification of Chandbali (Rs. 2.0 lakhs); electrification of Jaleswar (Rs. 2.0 lakhs) and electrification of Phulbani (Rs. 2.0 lakhs).

FINANCE

Rs. 207 Lakhs Sanctioned in Interest-Free Loans: The Government of India have sanctioned interest-free loans to the State Governments amounting to Rs. 207 lakhs during the first seven months of the current financial year. Of these, Rs. 189 lakhs have been sanctioned as loan for the development of handloom industry; Rs. 12 lakhs for colonisation in the Andamans; Rs. 4 lakhs for development of village industries; and Rs. 2 lakhs to educational institutions for construction of hostels.

*

Foreign Investments in India: The Reserve Bank's census of India's foreign assets and liabilities when completed, will show the overall position up to the end of 1953. Fifteen foreign banks were operating in India at the close of 1947, of which 14 were working in October 1954. Against one scheduled bank incorporated in Pakistan, operating in India at the end of 1947, two such banks were operating in India during October 1954. The number of foreign insurance companies registered under the Act on November 15, 1947, was 110, and on November 15, 1954, it was 104.

*

Over 90,000 Loan Applications for National Plan Loan Bonds: It was reported during the last session of Parliament that there was some delay at a few places, particularly in Madras, in the issue of National Plan Loan Bonds. Scrips have now been issued in respect of loan applications numbering over 90,000. About 1,400 applications are under scrutiny for certain irregularities.

*

Indo-U.S. Technical Co-Operation—U.S. Grant of $181.4 Million: Contributions of the U.S. Government under the Indo-U.S. Technical Co-operation Programme amount to $181.4 million and the total expenditure to be borne by the Government of India on these joint projects amounts to Rs. 136 crores. The U.S. contribution is generally utilised for purchase of equipment and supplies on the global tender basis from the cheapest qualified tenderer. The U.S. contribution was also utilised for the payment of salaries of U.S. experts and specialists and the total expenditure on this account was only about $2 million.

*

Centre's Grant for Chandigarh Capital Project: The Government of Punjab had asked for a loan of Rs. 168 lakhs from the Centre who have agreed to lend Rs. 125 lakhs to the Punjab Government for the Chandigarh Capital Project as a part of Central assistance in the current year. The Government of India have also agreed to lend to the Punjab Government a further sum of Rs. one crore for being re-lent to site-holders on a scheme to be decided in consultation with the Centre. The request made by the Punjab Government for a loan of Rs. 44 lakhs for building 334 additional houses on Government account in Chandigarh could not be complied with, and the Punjab Government had been informed accordingly.

*

Foreign Contributions for Indian Flood Relief: A total sum of Rs. 7,18,041-5-1 had been received from abroad in the Prime Minister's National Relief Fund for flood relief during the period August 1, 1954, to November 6, 1954. In addition, a sum of Rs. 1,72,461-3-9 was received from abroad in the Indian Red Cross Society for flood relief. Some countries and organisations such as UNICEF, the Church World Service of the USA, the U.K. Government, and 13 foreign international red cross societies also sent medical stores for flood relief in the country, while foodstuffs and clothing was received or offered as gifts by a number of foreign countries, organisations or individuals for this purpose.

*

Foreign Investments in India: The Planning Commission has considered the limit up to which foreign investment could with safety be permitted in India; the amount of foreign investment desirable for a country's economic development could not be determined in absolute terms or on a prior consideration. The question is not one of defining a quantitative limit but of determining the terms and conditions on which foreign investment could come in. It is believed that because the transfer of foreign commercial and industrial assets to Indian hands has been in progress on a voluntary basis during the past few years, no new decisions are called for.

TRADE

Indo-Soviet Trade Agreement Schedules Extended: The December 2, 1953, Indo-Soviet Trade Agreement for a period of 5 years, which provides that the schedules of imports and exports attached to it would be revised every year has been extended for one year. The major commodities of export from India to the U.S.S.R. are jute manufactures, tea, coffee, tobacco, shellac, black pepper and other spices, wool, hides and skins, vegetable and essential oils. Commodities for import into India from the U.S.S.R. include petroleum and petroleum products, iron and steel manufactures, chemicals, dyestuffs, medicaments, optical goods, films, industrial plant and equipments such as boring, mining and road-building equipment, excavators, compressors, electrical equipment, equipment for textile, show, food and polygraphic industries, tractors and agricultural machinery, machine tools and instruments.

*

Packing Charges for Cement in India: On March 27, 1954, the Government of India announced that packing charges for cement would be fixed every

quarter on the basis of the average of the maximum and minimum market prices for packing material during each week of the immediately preceding nine months plus Rs. 1-4 per ton to cover incidental charges. On this basis, packing charges for the current quarter were fixed at Rs. 13 per ton. The packing charges for the quarter commencing from January 1, 1955, work out to Rs. 13-8 per ton. The Government of India have informed all the State Governments of the revised packing charges. The above packing charges are applicable to cement packed in new bags only. Packing charges for cement packed in old bags will be a matter for settlement between the buyer and the seller subject to the maximum indicated above.

*

Export Promotion Council for Art Silk Set Up: An Export Promotion Council for Art Silk has been set up to promote exports of art silk fabrics. This is the third such council to be set up for promotion of exports of some of the principal commodities, the first two being those for cotton textiles and silk and rayon textiles. The value of art silk exports in 1953-54 amounted to over Rs. 48,55,700. Similar Export Councils are proposed to be set up shortly for promoting the exports of engineering goods, plastics, sports goods, cashew and pepper, shellac, tobacco and mica. The councils which chiefly consist of representatives of the trade will undertake a continuous study of the export position of these commodities and take suitable measures to stimulate demands in traditional markets and to introduce the commodities into new markets. The councils can also send trade missions to foreign countries, appoint representatives, agents or correspondents in foreign markets, conduct propaganda and supply information to the indigenous manufacturers and exporters. They are also expected to lay down standards of quality and packing for export goods and set up an organisation for inspection of goods meant for export. A system for inspection of cotton textiles intended for export has already been introduced.

*

Import of Raw Sugar Allowed: With a view to bridging the gap between the demand and supply of sugar in the country, the Government of India have decided to allow importation of some raw sugar by sugar factories on payment of a Customs Duty of Rs. 5-8 per cwt. for refining the same into white crystal sugar. A public notice embodying the terms and conditions under which the raw sugar will be allowed to be imported by the sugar factories has been issued by the Chief Controller of Imports and Exports, Government of India, New Delhi.

*

Forward Trading in Shellac: The question of reopening and regulating forward trading in shellac under the Forward Contracts (Regulation) Act, 1952, has been under the consideration of the Government of India and the Forward Markets Commission. In view, however, of the unhealthy speculation going on at present in the shellac market resulting in considerable harm to the industry and to our export prospects, it has been decided to prohibit forward contracts, i.e. transferable specific delivery contracts, in all commercial grades of seedlac and shellac, and a notification under Section 17 of the Act has been issued accordingly. Forward contracts, except non-transferable specific delivery contracts, entered into before December 27, 1954, shall be deemed as closed at the rate prevailing at the time the forward markets closed on that day (December 27, 1954).

MISCELLANEOUS

Uplift of Indian Scheduled Castes and Tribes: For the welfare of Scheduled Tribes, Central grants were given for agricultural development, including minor irrigation, educational advancement, public health operations and development of roads and cottage industries. The total cost of schemes so far sanctioned for 1954-55 for removal of untouchability amounts to about Rs. 47 lakhs. For the welfare of Scheduled Tribes and development of Scheduled Areas, the total cost of the schemes sanctioned so far for 1954-55 amounts to about Rs. 317 lakhs.

*

Unemployment Statistics in India: At the instance of the Planning Commission the following surveys have been initiated: (1) a survey of persons on the live register of the Delhi Employment Exchange; (2) a sample survey for 4,000 households of Calcutta City; (3) survey of unemployment in Kolhapur and Batala areas; (4) a survey of unemployment in Travancore-Cochin; and (5) a preliminary survey in 23 towns covered by the National Sample Survey. The question of undertaking countrywide surveys regarding unemployment and under-employment periodically on a uniform basis is being studied by the Central Statistical Organisation and the Indian Statistical Institute, Calcutta. Much more information than available at present is needed before satisfactory statistics of unemployment and under-employment could become available.

*

Indo-U.S. Joint Malaria Control Programme: An agreement was signed recently in New Delhi between the Governments of the U.S.A. and India for financing a joint project for malaria control in India. Under this project, which is actually an extension of a similar scheme in operation since 1952, it is planned to provide protection to approximately 135 million out of a total of 200 million people living in malaria infected areas in India in the remaining Plan period. The total estimated joint cost of the extension to the programme now agreed to amounts to $4.4 million U.S. contribution and Rs. 2.2 crores incurred by the Government of India to defray local costs, inland transportation and handling of equipment and supplies. Under the agreement, it is proposed to establish 11 malaria control units in addition to the 125 units similarly organised jointly by India and U.S. earlier.

*

Relief of Unemployment in Uttar Pradesh: Unemployment relief schemes submitted by Uttar Pradesh involving a total outlay of Rs. 6 crores have been approved by the Planning Commission for Central loan assistance during the period of the first Five-Year Plan. The schemes include: (1) Development of rural agriculture Rs. 30 lakhs; (2) Tanda Pumped Canal Rs. 45 lakhs; (3) Dohrighat Scheme Rs. 129 lakhs; (4) Matatila Rs. 60 lakhs, as irrigation schemes: (5) District Board Roads Rs. 30 lakhs; (6) Major Bridges Rs. 50 lakhs; (7) Urban Water Supply Rs. 200 lakhs; (8) Rural Water Supply Rs. 40 lakhs. Total sum is Rs. 584 lakhs. In the case of schemes No. 3, 5, 6, and 8, the Commission's approval is subject to technical scrutiny by the Ministry concerned. The Tanda Pumped Canal and the Dohrighat Scheme have been started by the State Government as minor irrigation schemes. The State Government hope that they would be able to complete both these schemes during the first Five-Year Plan. The Central assistance is intended to of the irrigation schemes already included in the State Five-Year Plan. The Central assistance is intended to accelerate the execution of the first phase of the project in order to complete it during the Plan period. The sum of Rs. 50 lakhs has been approved for the construction of bridges on important roads in the State. Great importance is attached to the development of water-supply in towns and in the rural area. The Ministry of Health has already sanctioned an expenditure of Rs. 117 lakhs on water-supply schemes in five important towns in the State. The sum of Rs. 40 lakhs approved for the rural water supply schemes is over and above whatever the amount the State might receive from the Ministry of Health.

NEWS IN BRIEF

INDIAN

According to a Press communique issued by the Lok Sabha Secretariat, it is announced that the next session of the Lok Sabha will commence on Monday, February 21, 1955, at 11 a.m.

*

It is officially announced that the total amount collected by the Women's Savings Campaign through the sale of National Savings Certificates is approximately Rs. 91 lakhs.

*

The benefit that India is expected to derive in terms of foreign exchange as a result of visits of foreign tourists in the current year is expected to amount to Rs. 5 crores.

*

Approximately 1,21,000 persons are estimated to have migrated since 1947 from the Pakistan-occupied territory of Kashmir to Jammu and Kashmir State according to information made available by the State Government.

*

An exhibition of Hindi books, maps and charts is being organised by the Ministry of Education, Government of India, at New Delhi in February, 1955. One section at the exhibition will exhibit the literature used for the propagation of Hindi in the non-Hindi speaking areas, and the second the published works showing the progress of Hindi literature after 1947.

*

The total number of cases detected of smuggling of goods from the French Settlements into India between January 1, 1954 and October 31, 1954, was 2,298. Goods confiscated are estimated to value Rs. 4,78,000.

*

The Government of India have decided to release for free sale about 1,00,000 tons of sugar produced by the factories from December 1 to 15, 1954, during the 1954-55 season.

*

The three State industrial enterprises expected to go into production shortly are, (a) The Hindustan Cables Factory at Rupnarayanpur, (b) The Penicillin Factory at Pimpri (near Poona), and (c) The DDT Factory at Delhi.

*

It is announced that the grants and loans sanctioned up to November 1954, to various States by the Government of India during the current financial year, for the development of the handloom industry amount to over Rs. 2½ crores. The Indian handloom industry employs over 10 million workers.

*

The production of cotton increased from 26.28 lakh bales in 1949-50 to 39.35 lakh bales in 1953-54. In the current year the production is estimated to be 42 lakh bales, which is the Plan target for 1955-56.

*

It is revealed by the Press Information Bureau, Government of India, that the estimated percentages of milk utilised for the production of ghee and butter in India are 43.3 and 6.3 respectively.

*

According to official estimates, during the period from October 1953 to March 1954, approximately 142,350 maunds of fertilisers were distributed under the National Extension Service Scheme.

*

During the current year (1954-55), 47,469,000 tons of sugarcane are expected to be produced against the estimate of 42,111,000 tons for 1953-54, showing an increase of 12.7 per cent.

FOREIGN

The U.S. Foreign Operations Administration recently announced the appointment of Mr. Howard E. Houston as Deputy Director, United States Technical Co-operation Mission in India. Mr. Houston will be deputy to Mr. Clifford H. Wilson of T.C.M.

*

The Synthetic Mica Corporation, a subsidiary of Mycalex of America, hopes to produce synthetic mica in the U.S. sometime this year. Production will be geared for 1,000 tons annually, about 5 to 10 per cent of current U.S. mica requirements.

*

Pan American World Airways, Inc., announces that it flew 731.56 million passenger-miles and 19.46 million plane-miles during the third quarter of 1954, as compared to 600.22 million passenger-miles and 17.89 million plane-miles during the corresponding period of 1953.

*

A new 140-acre biological research station, in which work concerning sheep and wool will have a prominent place has been established by Imperial Chemical Industries of Australia and New Zealand. 'Merrindale' as the station is known will work in co-operation with the Commonwealth Scientific and Industrial Research Organisation.

*

The Harrogate International Toy Fair, to be held from January 8 to 14, is the largest of its kind in the world, and caters to manufacturers, factories, and importers handling merchandise from every toy-producing country in the world.

*

An agreement has been concluded by the Burmese Government with a West German firm—Demag—to set up one of Asia's most modern steel plants and rolling mills in the next two years. The plant is to have an annual capacity of about 13,830 tons of steel products.

*

Production statistics of jute goods in Pakistan reveal the expansion of production from 17,573 tons in 1952-53 to 49,769 tons in 1953-54. Internal consumption is estimated at 40,000 tons. During the year Pakistan earned Rs. 36 lakhs from the sale of gunnies abroad.

*

The fourth session of the Chemical Industries Committee of the ILO will be held at Geneva from February 7 to 19, 1955. The agenda includes the general report, factors affecting productivity and problems of safety and hygiene in the chemical industries.

*

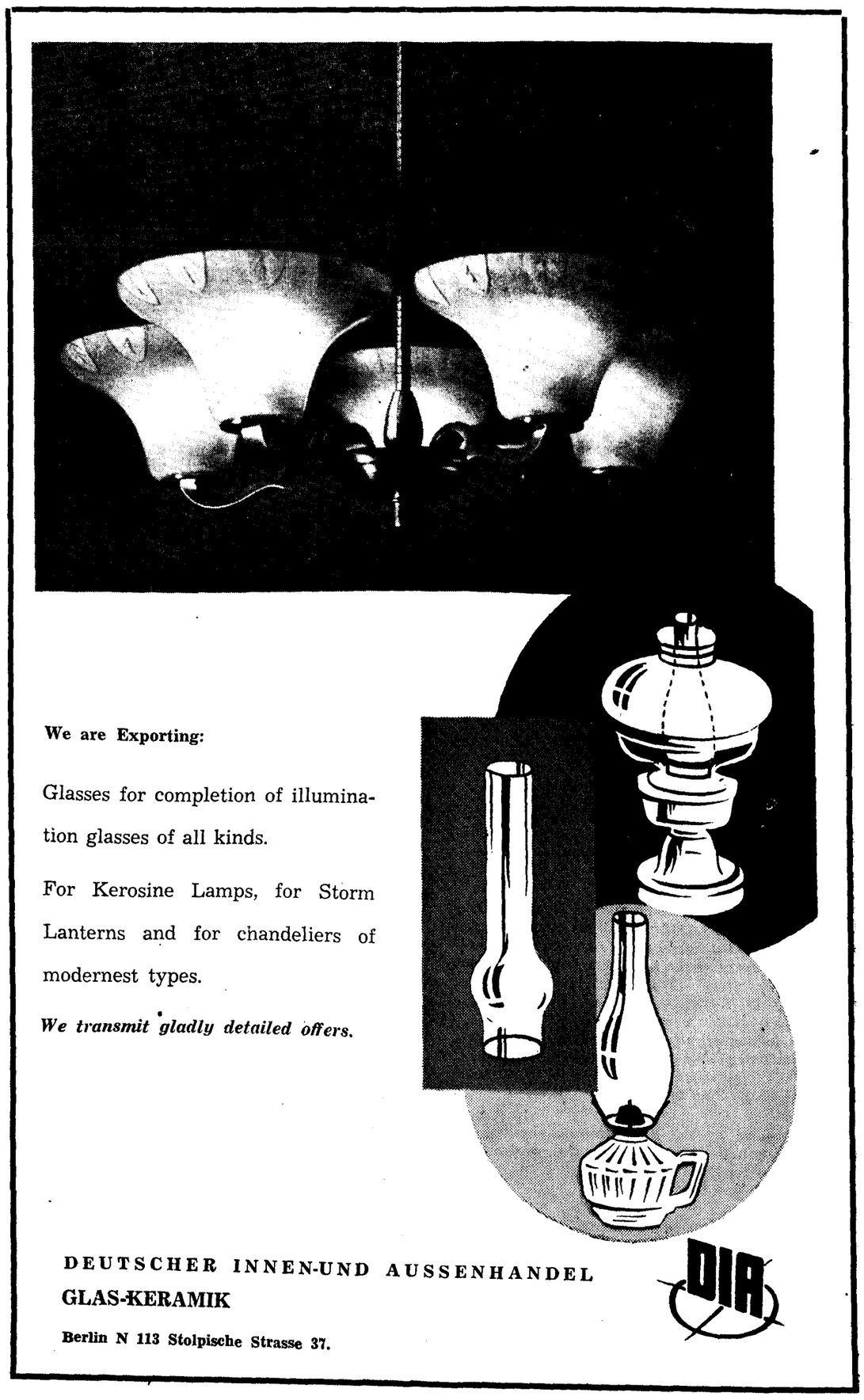
It is reported that the next meeting of the Foreign Ministers of the 8-nation Manila Pact Alliance will be held at Bangkok in late February. The exact date of the meeting is reported to have not been finalised.

*

The Netherlands Central Bureau of Statistics, in a review of the distribution of private incomes in the Netherlands, based on wage tax and income tax assessments, for the years 1946 and 1950, disclosed that the share of industry in the total incomes rose from 31.6 per cent in 1946 to 36.2 per cent in 1950. The share of agriculture fell from 14.8 per cent to 13.4 per cent.

*

Thirty-eight million young Americans enrolled in U.S. schools during the fall of 1954, represent 2.3 per cent of the entire U.S. population of 162.4 million.



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A Window On The World

CAST PRIDE AND RACE PREJUDICE

BY

ODYSSEUS

AN IMPORTANT POINT that arises from "In The Minds Of Men" (Basic Books, New York. $4.50) by Dr. Gardner Murphy is that the Hindu-Muslim difficulties are not a problem unique to this sub-continent but conform to the pattern of relations between majorities and minorities found in all countries where friction exists. It follows that the experience of other countries in solving this problem should be valuable here. Dr. Murphy is an American psychologist, who, at the request of the Government of India, was lent by UNESCO to investigate the causes of social tensions in India. He carried out his work with the aid of six research teams headed by well-known Indian social workers, and his report, therefore, reflects authoritative Indian opinion as much as his own.

Discussing how the prejudices that cause inter-group animosities arise, Dr. Murphy points out the moulding of the individual's outlook in accordance with the outlook of the group to which he belongs. The child first absorbs the viewpoint of his parents, later of his neighbours, and in the neighbourhood he discovers that he is, for example, a Baptist and not a Catholic, a Socialist and not a Conservative. Long before he can apply his reason to the principles at stake in these loyalties, he absorbs the outlook of those around him. He does not distinguish between the facts and his emotions. And since he needs to maintain his place in a difficult and complicated world, he assumes that his own people are good people; it is with them that he feels at home: their company gives him warm and protected feelings. He belongs to them. Those outside his particular group are viewed with caution, and, if the world treats him badly, with hostility. He is less likely to put the blame for what goes wrong on his own people and is more likely to put it on another group. He soon finds himself living among "us" and them". "We" who are always right, and "they" who may be expected to be usually wrong. If, in fact, all groups within the community, regardless of race, religion, or standards of living, participate in the life of the community, in trade, in the interchange of services, go to school or church, join clubs or public festivals, without discrimination; if there is no exclusiveness, no snobbishness; then the mere fact that distinct groups of Protestants or Jews exist does not of itself create prejudice.

SHARING THE GROUP OUTLOOK

This point is fundamental. Diversity alone does not create hostility, as is shown by the peaceful co-existence of Basques and French in France, and of German-, French-, and Italian-speaking Swiss. Hostility may appear when the individual learns that people outside his group do not share the values which are especially precious to him. For example, if he is a Baptist and "they" are Catholics, their system of values contains much that is not immediately real to him, and his much that is not immediately real to them. If he feels strongly about his values, or they about theirs, he and they may develop exclusive and intolerant attitudes towards each other.

Next, it may happen those who do not share a man's values interfere with the pursuit of his values. This does not often happen over religion in the West, but Dr. Murphy instances a situation in which a catastrophe, such as a flood, has reduced the number of jobs in an area. Hostility springs up if it appears that jobs are not offered equally to all citizens as they become available but are seen to depend on membership of a special group. If the Baptists have a lively organisation which gets work for their people, or if a political party manager organises relief or work on party lines, then those excluded from these benefits will be angry and resentful. And, of course, the degree of hostility rises in proportion to the importance of what is at stake, for example, if members of only one racial, religious, economic, or political group can get admission to schools, crafts, or professions. Such discrimination in greater or lesser degree exists in many countries with resulting social tension between those who want to break in, and those who want to keep them out.

The next stage in the development of inter-group hostility is when not only do we see another group interfering with our progress; not only do we resent this as unjust; but we develop the conviction, from our sense of the "rightness" of our own group, that members of other groups chronically and permanently do us down. Thus a local and temporary hostility may become general and permanent. A picture of the hostile group becomes standardised, described in fixed clichés and epithets in our minds: "They are the sort of people who do everybody down". "All Jews are cunning and avaricious." "All Marwaris are tax-dodgers and dishonest." "That's just the sort of thing an Armenian would do." "All Poles are dirty." Among the elements that create animosity between such groups are (a) competition and (b) aesthetic annoyance or non-participation in our own form of "correct conduct."

HOW RIGHT WE ARE!

Dr. Murphy points out that, like spiders, we weave a beautiful web out of our own rightness, decency, high ideals, hard work, self-reliance, and nobility. But so does every other group! A persecuted group many have to kow-tow, to apologise its way through life, but it rationalises such necessities into its own system of self-justification, of rightness. It is easy to see when the system of rightness of our group comes up against what we picture as the boorishness, avarice, or dishonesty of another group, that we then absorb the conception that the others are chronically and permanently bad, lazy, crooked, dirty, fanatical, or given over to violence. These standardised epithets, applied by one group to another, are called "stereotypes" by psychologists. Stereotypes are moral, and prejudice reaches its height by assigning moral inferiority to our economic and social competitors, or to those whose culture differs from ours. The complex structure of the way in which we see ourselves in our rightness, and the complex structure in which other groups in competition with us and professing different ways of culture, should ram home the difficulty of recognising prejudice and still more of overcoming it.

Research by psychological methods (1) of anti-Semitism among patients undergoing analysis in New York; (2) of students with strong anti-Semitic prejudices at the University of California; and (3) of Communist party members in Eastern America, who, despite their philosophical Marxism, retain hostility to Jews, brought out two factors that were working in the unconscious minds of the patients:

1. The group against which prejudice is directed (in this case the Jews) are seen as obstacles imped-

ing the goals desired by the patients. Members of the middle classes who, despite great difficulties, have succeeded in economic competition, and who think of themselves as having a position to defend, may be hostile to minority and lower income groups of all kinds who are rising in the social scale because they fear that the up and coming may displace them.

2. The whole pressure for success, stability, propriety, and social acceptability, creates feelings of guilt, inadequacy, or inferiority, among those who fail or those who are not as successful as they would like to be. Dr. Murphy points out that there is a strong tendency to project on others one's own feelings of inferiority, guilt, or hostility. Consequently, under conditions of stress, people are likely to assign to Jews, or members of minority groups, such traits as aggressiveness, hostility, uncleanliness, and all that represents the current symptoms of psychological weakness in themselves against which they are unconsciously struggling.

Can prejudice be controlled or reduced? In reply to this question, Dr. Murphy insisits repeatedly that "it isn't enough that people should know one another; they should know one another on terms of equal status."

Is it possible for all castes and communities, Hindu and Muslim, Brahmin and Harijan, to work together on an equal footing? It is not enough to know one another. Hindus and Muslims who have lived in adjoining houses may be those most inflamed against each other. It is not sufficient that people should be "well acquainted". It is essential that they should be acquainted on an equal footing; neither group should be able to enjoy a feeling of snobbish, or of moral superiority to the other.

Dr. Murphy suggests that the only practical way to achieve this aim is by categorical and uncompromising insistence by government in all its branches that educational, occupational, and all other facilities, should be available to all citizens. Members of all castes and communities must be brigaded together in common enterprises. Dr. Murphy points out that there are not only Hindu and Muslim activities, but even Brahmin and Kayasth activities to which members of each group subscribe, and through which they can carry out group welfare. This, he says, is all the more reason for recognising that for national unity a redefinition of aims is essential in terms of the participation of all in the pursuit of common goals. It is the sharing of every problem of India, large or small, which will enable members of all communities and castes to respect one another for the individual contribution that each can make.

If Dr. Murphy's conclusion is accepted, it means, of course, among other things, the total dissolution of the joint family and caste system—an evolution which was actually in process and had gone too far to be reversed, and which we admitted must bring with it in the short run an intensification of friction—between the have-nots working against privilege and the upholders of ancient ways. We are led to conclude that our present social tensions are likely to be with us for some decades to come. Their elimination can, however, be hastened by ever more widespread understanding of the causes of these tensions, and in this Dr. Murphy's book "In the Minds of Men" can be of great value. I commend it to you.

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SPECIAL ARTICLES:

THE COST OF LIVING IN THE U.S.S.R.

By FRED JARVIS

[In view of the great interest that has been aroused by observations of the Industrial Delegation to the U.S.S.R. led by Seth Kasturbhai Lalbhai on the cost of living in the U.S.S.R., "The Eastern Economist" has obtained permission to print a portion of a Report by a source believed sympathetic and uninterested. Fred Jarvis is President of the National Union of Students of England, Wales and Northern Ireland. He visited the U.S.S.R. in 1954 as leader of an official delegation of 20 students representing the National Union.—Ed.]

IT was possible on some occasions to form some impression of the living standards of the ordinary citizen (in the Soviet Union). I went shopping a number of times, noted prices in shop windows, and heard what people thought of their conditions. Unfortunately, we were not able to round out these impressions with visits to private homes, although several times we asked our hosts if it could be arranged.

My impressions therefore suffer the limitations of my having lived for three weeks in Intourist hotels. (As leader of the delegation, I usually had a suite of my own, of sumptuous, heavily Victorian decoration.) This was hardly an index of the living conditions of the ordinary Soviet citizen.

Whatever the physical comforts or discomforts of his home life, the average citizen would seem to get enough to eat—at least in the major cities we visited. The food shops seemed fairly well stocked and were generally crowded. A constant sight was queues of customers, due not to a rush for goods but to the rather awkward system of selling in Soviet shops; one has to wait three times—first at the counter to order the goods, next at the cash-desk to pay for them, and then at the counter again to exchange cash-receipt for goods. In this way it often takes half an hour to make a purchase, which is enough to try the patience of even the most disciplined Soviet citizen.

In Moscow and Leningrad, meat and smoked fish seemed to be in fair supply, likewise butter, bacon and cheese, but fresh vegetables were not plentiful. In Yrevan, however, I saw seasonal supplies of onions, radishes and green vegetables in a large bazar used by collective farmers as a "free" market for their own "surplus" produce (i.e., produce which the farmers are allowed to sell after they have met their quotas of compulsory deliveries to the State). This bazaar, built in 1950, was very clean, spacious and well-lit; it was one of the most beautiful buildings I saw. Apparently the farmers hired stalls from the local organ of government at rents varying according to the amount they sold.

Compared to other goods, the Soviet citizen could consider foodstuffs a bargain. (For a comparison of prices and such wage levels as we are able to establish, see table opposite.) Clothing and footwear was invariably expensive and of inferior quality. Although few people were really shabbily clothed, one could not describe the average person as smartly or well-dressed. Women's fashions usually were in the Western styles of twenty years ago, but at least they were neat in comparison to the average man's suit, a rather badly cut affair in cheap-looking cloth. To be fair, however, it should be added that the summer clothes we saw in the south looked decidedly more presentable. Footwear, even in the best shops in Moscow, was shoddy by our standards.

Most clothes were expensive in spite of their comparatively poor quality (see the price list). These

PRICES AND WAGES*

A. **Food Prices in Moscow, Kharkov and Armenia. (In Roubles Per Kilo)**

Bacon	23.80
Bread	2.84
Butter	18.30
Best butter	28.00
Cheese	26.50
Smoked fish	11-14.50
Milk, per liter	2.00
Ice cream, portion	2.35
Caviar, small jar	4.50
Chocolate, 2-oz. bat	13.00

B. **Clothing and Footwear Prices in Moscow.**

Men's shirt	50-60
Men's pajamas	260
Trilby hat	60
Sweater	100-200
Men's sandals	428
Ladies' stockings	10-20
Fur stole	1500-2700
Women's shoes	200
Black calf shoes	260

C. **Other Goods.**

Umbrella	64
Electric kettle	100
Small clock	162
Pocket watch	22
Small saucepan	21
Large saucepan	45
Soap, tablet	1-4
Razor blades (10)	3.60
Handbag (cheap)	40-70
Carpet, 5 feet by 8 feet	1600
Accordion	3220

D. **Various Wage Rates.**

	(In Roubles Per Month)
Kharkov Textile Factory:	
Range from	450-2000
Average wage	7000
Ukrainian State Farm:	
Minimum wage	350
Average wage	800-900
Maximum (mechanics and tractor engineers)	1500-2000
Highly skilled industrial worker	3000-4000
University professors	6000-10,000
Assistant lecturer	1000-3200
Students grants	200-550
"Name" scholarships up to	700
Newly qualified doctor	650
Hotel waitress	450

* Given prices and wages were noted by or relayed to Mr. Jarvis in the course of his trip. (4 roubles = $1.00, according to the official exchange rate).

prices would seem to put a premium on "window-shopping," but in my experience, Soviet shop managers did not go out of their way to encourage it. Window displays were colourless in even the most sophisticated city shops. Although in other spheres the Soviet authorities are adept at the art of decoration and window-dressing, the absence of competition in retail distribution probably makes them feel it is unnecessary as far as shops are concerned.

Rarely, if ever, would people to whom I spoke concede the inferior quality and high prices of most of their consumer goods—but they never wished to pursue the subject very far. Instead, they preferred to talk about the recent decree of price reductions and about their government's intention to increase the supply and variety of consumer goods. This is understandable. The price-cuts definitely have increased the purchasing power of most workers, and after comparing notes with members of the 1951 NUS delegation, I am convinced there has been some improvement in the availability of consumer goods.

Some of these always have been popular in the U.S.S.R. and therefore their price and plenitude is not too surprising (for even a controlled economy must pay some deference to demand). Good musical instruments, for example, are quite reasonable in price. Books are similarly cheap, but in literature one's choice is rather restricted. If one wanders off the well-trodden path of works by the Soviet authors currently in favour, a fairly wide range of classics (for the publication of which the government should be given credit), and books by such "progressive" Western authors as Howard Fast, Jack London and James Aldridge, one runs into difficulty, as one of my colleagues discovered when trying to purchase the works of Dostoevsky.

* * * *

Judging by the publicity build-up given to them, certain goods were obviously a novelty—e.g., a new light-weight motorcycle selling at 2,295 roubles; a refrigerator at 2,000 roubles; and a television set at 1,275 roubles. It is virtually impossible to say how far these advance-guards of higher living standards, all of fair quality, have penetrated into Soviet homes.* What seemed significant, however, was that these goods coming on to the market were whetting the appetites of people. Judging by the eagerness of the window-shoppers, the acquisitive instincts of Soviet citizens are in good shape and will create a growing consumer demand, along with increased desire for the wherewithal to purchase them.

Unfortunately, I found it difficult to establish precisely the earnings of the average worker. Our study of industrial and agricultural conditions was inevitably superficial, and on the few occasions when I sought detailed information on wages from individual workers I got somewhat confusing answers. We were, however, given a number of wage-rates and these are listed above. They do not give a clear picture of household incomes, for in many Soviet families both husband and wife go out to work. In the factories we visited, at least half the employees were women, and in the institutes of higher education 51 per cent of the students were girls.

We were constantly reminded that Soviet men and women receive "equal pay for equal work". One result is that women do many of the lower-paid, more menial tasks. On several occasions I saw women doing heavy manual labour on road construction and building projects, digging and carrying heavy loads, sweeping streets, and so on.

* Soviet production statistics indicate that only a very few earners in the high income brackets can afford such scarce goods.

The Soviet authorities claim that the workers are helped by low rents. This may be so, but we were given no opportunity to see what sort of accommodation they provided. Cities like Moscow still face an acute housing shortage, but it was obvious that a great deal of construction had been completed recently and that more was under way. In the cities, such housing is almost wholly in the form of large blocks of flats, but passing over the Ukraine and in Armenia, I noticed a large number of small detached houses, probably two or three rooms in size.

Much of the new building seemed to me to be poorly finished. Badly pointed brick-work and cracked or broken cementing was common; interior fittings were often below the general standard of the buildings they equipped. For example, in the great Lomonosov University building, less than a year old and the pride of Moscow, I noticed badly laid flooring, broken bannisters on the stairs, and ill-fitted, smelly toilets. A factory I saw in Kharkov, re-built after World War II, looked both from its design and state of repair as if it antedated World War I. Similarly a school in Yrevan, which we were told was six years old, might have been thirty years older.

Apart from new buildings which have deteriorated rapidly, I saw houses in the Moscow area which would have been considered a disgrace in the East London slum district where I was born. They were old wooden houses, many of them near the University and in such a ramshackle condition that any British sanitary inspector would have condemned them as unfit for human habitation. When I mentioned the existence of these slums to students in Leningrad, they said it was untrue. I asked them if they had ever been to Moscow and seen the area I had described. They said they had not, but knew no slums existed in Moscow.

In Armenia we saw many houses made, or rather coated, with dry mud, but this was probably an adaptation to local weather conditions rather than a sign of poor building standards. In any case, the new building there, of which there was a great deal, was much superior in design to that of Moscow and Kharkov. Compared with the garish, over-ornate, wedding-cake architecture of Moscow, the new buildings of Yrevan, constructed in delightful pink stone, were a model of good taste, graceful and dignified, and in harmony with their surroundings.

In case it should be thought that there is dissatisfaction with the conditions I have described, I should add that I found none. It is, of course, impossible to base final judgment on a three-week visit which did not involve living and coversing daily with ordinary people. Yet this quick glance persuaded me that the regime and its propaganda has successfully convinced the Soviet citizen, and especially the youngster, that his living standards are superior to those of any other country in the world. Certainly the government admits that things still need improving, but it does so in the context of improvements already made. Countless officials spoke of advances "since the 1917 Revolution"; probably the average citizen uses the same yard-stick, for in terms of his own experience and that of his family, he has witnessed a steady though slow improvement of his lot (with the exception of the war period). His living conditions are still definitely inferior to those in most industrialized countries, but since he does not know it—indeed he is constantly told the opposite by a huge propaganda machine—the Soviet citizen is not likely to complain of his lot unduly. This, I suppose, constitutes one of the strongest arguments for promoting greater intercourse between the U.S.S.R. and the West. The more Soviet citizens who can see the outside world, the better; likewise, the more non-Communists that go to the U.S.S.R. and speak the truth, the better. One wonders if we ourselves sowed any seeds of doubt.

THE DELAY IN PAYMENTS TO THE PRIVATE SECTOR

IN a special article published in "The Eastern Economist", dated December 3, 1954, it was estimated that nearly Rs. 100 crores of the private sector lie in arrears with the public sector because of delay in payments due to numerous causes. Further evidence has come to hand to support the postulated figure. An analysis has been made of a sample of 143 cases and very interesting revelations have come to light. Out of a total outstanding of Rs. 12½ crores against Government of these 143 companies, Rs. 4½ crores is more than three months old, and Rs. 5¼ crores more than 6 months old. Even if the sample is not strictly representative or a definite proportion of the total, it is reasonable to infer from these figures that the total outstandings against all indenting departments of the Central Government would be more, not less, than Rs. 100 crores.

All the companies in the sample were asked to state three most important causes of delay in obtaining payments, giving if possible a rough estimate of the percentage of the outstandings attributable to each of these causes. The reasons for delay in payment comprise a formidable list. The most common and important cause of delay is the non-receipt of inspection notes from the consignees who all are the agencies of the public sector. Once the delivery date expires, the supplier has to make an application for extension which is usually again delayed, and sometimes reaches the supplier after the amended date of inspection. This process continues for months thus causing increased financial strain to the supplier. In the meantime, the inspections are delayed by the inspectorate also because of accumulation of work.

The financial strain thus caused to the manufacturers is very great. Funds are locked up in goods which lie unused for months. The banks refuse to extend or give fresh accommodation. Moreover, the indentor also fails to get his requirements which necessarily slows down the pace of development work of the public sector.

The replies received from the companies have been analysed industry-wise in order to locate the dominant cause of delay in each industry. Before any conclusions are drawn from the table given below, it may be stated that 70 per cent of the sample consisted of companies dealing in engineering and construction which is a clear pointer towards enormous expenditure on development activity in the public sector, which has depended on financing by the private sector.

The most important cause as stated above is the delay in receiving inspection notes from consignees. Next in importance are frequent amendments relating to delivery dates. Short payments of sales tax and inter-State sales tax cause delays for which the Central Government can hardly be blamed. There is reason to believe that these delays are occurring not only because of the usual red-tape and dilatory procedure due to rule of thumb practices but also to the lack of knowledge of the consequences to the tempo of development planned. Ordinary delays, amendments relating to price, non-receipt of confirmatory supply orders are some of the other causes which are causing unnecessary harassments to Government contractors, and could be easily removed.

If the information supplied by the companies in the sample is correct, and there seems to be no reason to believe to the contrary, the situation is serious enough to merit investigation by the Government of India. This explains why despite the constant hope expressed by the Government of stepping up development expenditure the result shown in the actuals has been disappointing. Far more injurious are the effects of such a policy on the rest of the economy whose expansion is thereby impaired.

S. No.	Causes of Delay	Figures in Percentages									
		Chemicals	Cement	Rubber	Paper	Jute	Oil	Textiles	Mining	Engineering	Total
1.	Delay in receiving inspection notes from consignees	26.7	25.0	33.3	16.7	33.4	21.0	15.4	25.0	2.5.3	27.0
2.	Sales tax short payments	16.7	25.0	..	..	..	8.3	7.7	..	12.0	11.1
3.	Inter-State sales tax	6.7	..	..	..	..	..	..	12.5	2.3	2.5
4.	Amendments relating to delivery dates ..	23.3	..	11.1	..	..	16.7	38.5	25.0	27.6	25.0
5.	Amendments relating to price	3.3	..	11.1	..	33.3	4.2	..	..	11.0	8.9
6.	Non-receipt of confirmatory supply orders	6.7	25.0	11.1	16.7	..	8.3	..	..	4.7	5.4
7.	Ordinary delay	6.7	..	..	16.6	..	4.2	..	..	2.8	3.2
8.	Want of freight vouchers	3.3	..	..	..	..	..	..	..	0.5	0.8
9.	Defective supply orders	3.3	..	..	..	..	4.2	..	..	..	0.6
10.	Others	3.3	25.0	33.4	50.0	33.3	33.1	38.4	37.5	13.8	15.5
	TOTAL	100	100	100	100	100	100	100	100	100	100

THE BUSINESS WORLD

THE DOLLAR MARKET FOR JUTE

The jute industry, which is India's premier export industry in so far as the dollar market of the United States is concerned, maintained its position there in 1954, within comparable margins of the exports registered in the previous year. The comparison in the American offtake of jute in the last two calendar years cannot reasonably be made in absolute terms of quantity inasmuch as the conditions governing the market demand were not similar. Certain factors causing fluctuations in the requirements for the last year need due weight in the appreciation of the progress of the Indian jute trade in America. But a heartening aspect of this progress is to be seen in the receding danger of the severe onslaught of substitutes. When jute prices reached peak levels this danger threatened to emerge as a permanent setback to the burlap trade. Substitute packing materials will certainly endeavour to consolidate, and if possible also to expand, their hold on the market. But with the return of jute prices to competitive levels, the inherent superiority of jute as a multi-purpose packing material gets an accretion of strength. There should be less incentive now to the recent trend towards storage by bulk handling. The annual review of the Burlap Council of the IJMA for 1954 takes an optimistic view of the prospect for jute in the dollar market.

On the basis of the latest available figures of burlap consumption, the Council estimates the offtake for 1954 to be over 775 million yards which would be not more than 5 per cent below the offtake in 1953. The actual volume consumed in 1953 was 824.4 million yards. This small drop in the U.S. consumption of burlap has been due to certain seasonal factors which reduced the volume of demand. It does not disclose any long-term trends towards reduction in the use of burlap as an agency for packing. Some of the important causes for this decline bear mention. The feed industry catering on a large scale for cattle feed had to revise its purchase programme for the year downwards in view of the lower prospect of building feed stocks due to the open weather in the winter season. Likewise, the drought in the Southern States contributed to the decline in the demand. Supplies of burlap to the armed forces were cut down by 10 million yards in 1954, as compared to the previous year. There was also tendency towards the use of second-hand jute bags where the weight and nature of the materials to be packed allowed less durable packing. The price trend in jute, however, will operate as a disincentive to this device in a country which has a distaste for parsimony and which always prefers to insist on quality. In sum, these factors contributing to the slightly reduced demand do not possess anything more than seasonal importance.

The statistical position in respect of holdings of stock as disclosed in the first ten months of 1954, must again be assessed in the light of the seasonal influences governing the plans for imports as determined by bulk purchasers. Over the country as a whole, industry displayed a distinct tendency towards keeping a tight control on inventories which had its repercussions on buyers of burlap in restricting their own inventories. Where the shift in inventories was carried to an extreme limit, buyers planned their purchases on a hand-to-mouth basis. They represent, however, a small section. In the first ten months of 1954, the average monthly stocks, both spot as well as "afloat" (actually shipped), were of the order of 187 million yards. They compare with the monthly average of 199 million yards in the corresponding period of 1953. Since November last, however, the position in regard to spot and afloat stocks shows a change. In that month the stocks stood at 227 million yards as against 187 million yards in November 1953. In estimating the precise margin of excess in November 1954 over November 1953, the difference in the method of reporting needs to be taken into account. Since November last, afloat stocks indicate not merely those in the course of actual transit but all purchases effected at Calcutta during the month. Due allowance for this difference, however, would show that the stock position is healthy.

The Indian jute industry has had a period of acute strains since partition. Its history in the last seven years has been marked by a continuous struggle to repair the dislocation caused in its structure. Simultaneously with this, it has been called upon to adjust itself to the new pattern in the market for packing materials. So far the industry had been adjusting its strategy principally from the angle of defence against the attack of substitutes. The change in the prices of its products has taken away the edge from the acute competition of substitutes. It would appear that the problem of substitutes in the case of the jute industry is not basically different from the same problem which confronts a host of industries which have enjoyed a traditional lead in certain markets. The shift towards substitutes for time-honoured products does not merely imply a search for economy. The need for more economical substitutes emerges under the pressure of high prices. But in another sense, the rise of substitutes indicates the dynamism of the market. In this dynamism lies an opportunity for the consolidation as well as expansion of long established industries. If their products are being substituted by new devices, they can certainly make a successful drive for new demands and additional markets. The jute industry has been carrying on its laboratory and market research with this purpose in view.

This search for new lines of consumption is a sign of the potentiality of the industry to recapture its vitality. The annual review of the Burlap Council mentions some specific instances of new uses of jute for purposes other than those of packing. It would appear that more intensive efforts in stimulating these uses will pay good dividends. Actually, experiments are under way in certain spheres. Tobacco shade cloth made from jute would create a new demand of 65 million yards per annum. In one township in Long Island, an experiment is being conducted in using burlap for snow fence. An investment of $50,000 per annum is involved in it to ascertain how far the traditional snow fence can be substituted by burlap. Another scheme in hand is in the field of packing. Improved packing materials of burlap for cotton bales will generate an extra demand of 60 to 100 million yards per year. Other potential lines of experiment are heavy jute textiles to be used as fabrics lending strength to several products and processes requiring lining material. Housing construction, road building and canal-lining indicate new lines which it is worth while to exploit.

POST-PRANDIAL SUGAR TALK

BY

CROESUS

The dinner given by Mr. K. J. Somaiya, President of the Deccan Sugar Factories' Association, Bombay, in honour of Mr. Ajit Prasad Jain, the Union Minister for Food and Agriculture, must have brought home, to those present at any rate, a striking proof that we have successfully solved the food problem, thanks to the indefatigable efforts of the late Mr. Rafi Ahmed Kidwai, who, it is only fitting, was remembered by one and all present and to whose memory tributes were paid by all the speakers on the occasion. If the credit for paving the way for complete decontrol of food must thus go to Mr. Kidwai, the credit for making the country self-sufficient in sugar will in all likelihood go to his illustrious successor, Mr. Jain.

From the figures that Mr. Somaiya adduced on the occasion, the sugar production this year may reach 14 lakh tons which, together with one lakh tons of Khandsari sugar, brings up the total production to 15 lakh tons, as against the total estimated annual consumption for the whole country of about 18 lakh tons. It is known that the Government has planned to import about 8 lakh tons of sugar this year which means that, after filling the gap of about 3 lakh tons between production and consumption, there will still be a carry-over of as much as about 5 lakh tons at the close of the year. Mr. Somaiya did well, therefore, to sound a timely note of warning that, in view of this upward trend in indigenous sugar production and the expected substantial carryover at the close of the year, the Government should just watch the situation and not enter into any further commitments for the present.

From what little I know about the Indian sugar industry, I can unhesitatingly endorse the conviction of the D.S.F.A President that, given the necessary facilities, the industry can succeed in producing enough sugar to meet the country's entire demands, wherefore it follows that the present gulf between supply and demand is purely a temporary phase. The sugar industry is by no means responsible for the wide gulf that is prevailing at present, but it is rather the unexpected sharp rise in consumption of sugar, especially white sugar. While Mr. Somaiya complimented the Government on the various measures taken by the Government to bridge the gap, he felt that, in order that the indigenous sugar industry might not be adversely hit, the Government ought to bear certain things in mind. One of these, according to him, is that the disposal of imported sugar must be so planned as not to lead to any heavy accumulation of indigenous sugar with the factories. If this should happen, as the D.S.F.A. President apprehended, it would act as a check on full crushing which would, in turn, affect the cane growers. For, being unable to dispose of their cane to the factories, the cane growers would convert it into gur thereby causing further depression in the already depressed gur market. In short, the consequences are so serious indeed that a planned disposal of the imported sugar is not only of paramount importance but a virtual necessity.

One of the methods for increasing the availability of sugar in this country is to import raw sugar from abroad and refine it here, and the Government of India, it is contended by some, has already announced its categorical policy which seems to favour such a course. Controversy apart, this is not without its own complications. There is, for instance, the question as to whether the raw sugar imported should be refined by the existing sugar factories who have expressed their readiness to do so or that it should be entrusted to refineries proposed to be established in the country. In this connection, Mr. Somaiya entered a strong plea that the refining work should be entrusted to the sugar factories themselves. This, he said, would provide work to the workers in the sugar factories who are otherwise thrown out of employment during the off season; again, under this arrangement, he claimed, the Government would be able to stop the import of raw sugar at any time it deemed proper, looking to the quantum of indigenous sugar production at a given time. The D.S.F.A. President further argued that the same course would not be possible in the event of separate refineries being allowed to be established. He was not also disposed to accept that a measure of such a permanent nature as the installation of a refinery or refineries was warranted by the present purely temporary phase of a gulf between production and consumption of sugar which would soon disappear. There was one other strong reason advanced by Mr. Somaiya against the establishment of refineries, namely, that such would adversely affect the prospects of new sugar factories, in particular those proposed to be started on co-operative lines. Yet another reason against the establishment of refineries, according to him, was that such would go against the spirit of the Five-Year Plan which envisaged full scope for the expansion of the indigenous sugar industry. He, therefore, requested Mr. Jain that his Ministry should not permit any sugar refinery to be installed. "It is our deep conviction" he declared, "that, without recourse to such an extreme step, the industry is capable of producting sugar sufficient to meet the country's demands".

Although present at the function I am rather at a loss to say what exactly Mr. Jain said in reply to the above specific request for the reason that I was not able to follow the chaste Hindi (or is it Urdu as a comrade of the profession seemed to think?). I honestly tried, however, to make up for my lapse by enquiring of three friends about whose equipment of Hindi I have no reason to question. Surprisingly enough to my embarrassment, one of them said that the Minister was completely non-committal as to whether the refineries would be allowed or not; another friend was vehement that the Minister had definitely committed himself and said that the refineries would be allowed to be started, while the third friend was no less emphatic that the Government would not encourage the installation of sugar refineries. In the midst of this linguistic confusion I could only say this that my own enquiries in the highest concerned quarters show that as yet no permission has been given for the establishment of refineries, and I would not be surprised, in view of the growing agitation against the setting up of refineries, if the Government finally turned down the request.

One other problem which is of particular significance to the Deccan sugar factories was touched upon by the D.S.F.A. President, namely the decision of the Union Food Ministry to link up the cane price with that of sugar. Mr. Somaiya felt that the formula could not be applied to all the States regardless of the differences in conditions under which the cane supplies were obtained by the sugar factories in the States. It is perhaps known to every student of the sugar industry in India that, whereas in the U.P. and Bihar, among other States, the sugar factories purchase all their cane requirements from private cultivators or co-operative

cane societies, the factories in the Deccan grow almost all their requirements on their own farms or estates. It is only on rare occasions, if any, that they find it necessary to supplement their own cane production by purchase of cane from private cultivators. It is needless to add that these cultivators offer their cane to the sugar factories only when gur prices are low; when gur prices are high, even if the sugar factories may want the cane, the cultivators will not oblige. In these circumstances, maintained Mr. Somaiya, however laudable the object of helping the agriculturist, the proposal would have a detrimental effect, in that the agriculturist would not be enabled under the new dispensation to sell his cane to the sugar factories as before whenever gur-making became uneconomical due to low prices. Apart from this, there is a very valid reason why the factories must be encouraged to grow as much of their cane as they require. They have, as a result of their experience and research, been able to improve the quality both as to sucrose content and recovery. If cane prices are linked with sugar prices in the Bombay State, Mr. Somaiya was afraid, the advantage of the superior quality of cane grown by the Deccan sugar factories, which are known to give higher sugar recovery, would not go to them. There was further the practical difficulty which he mentioned of having to distinguish between cane supplied by private cultivators and that grown by the factories themselves. His suggestion to the Union Minister for Food and Agriculture, therefore, was that the matter of cane price fixation is best left to the mutual agreement of the factories and the cultivators, subject to a minimum to be fixed by the Government. If this is not possible, Mr. Somaiya demanded that the industry at least be compensated for loss of at least one per cent recovery.

On this point again, all that I could make out from Mr. Jain's speech was that he wanted the sugar factory owners to bear in mind the interest of the cane growers and work for their uplift. In any case, it is too much as yet to expect Mr. Jain, who has only recently taken over the new portfolio, to commit himself to any particular course of action at this stage.

I feel I must refer, before I conclude, to a very interesting and useful suggestion that Mr. W. Jenkins made while proposing a vote of thanks to the Minister. He referred to the vexed question of disposal of the proceeds from the cane cess. Very pertinently, I think, he wanted this to be utilised by the Government for starting agricultural schools. He felt—and quite rightly—that there was considerable scope for this in a country the greater portion of the population of which still stayed in the villages and continued to depend on agriculture.

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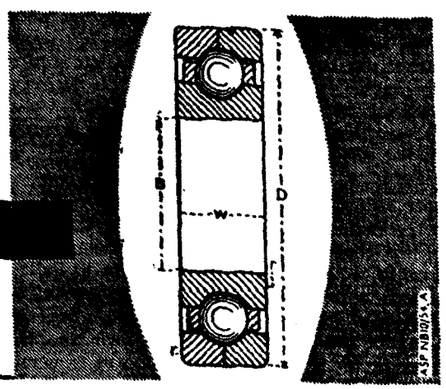
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LETTERS TO THE EDITOR

"SUGAR POLICY REVIEWED"

Sir,

In his article "Sugar Policy Reviewed" (December 10, 1954), Croesus has touched upon some very fundamental principles of company management. Unfortunately, all will not agree with his views. Commenting on the apathy of the shareholders, he deplores Government's encroachment upon the rights of the shareholders in respect of their control over Managing Agents. Persons who have studied company administration know how flimsy is the control of the shareholders on the Managing Agents. The Cohen Committee set up in the U.K. to suggest amendments to the English Companies Act has observed: "The illusory nature of the control theoretically exercised by the shareholders over Directors has been accentuated by the dispersion of capital among an increasing number of small shareholders who pay little attention to their investments so long as satisfactory dividends are forthcoming, who lack sufficient time, money and experience to make full use of their rights as occasion arises, and who are in many cases, too numerous and too widely dispersed to be able to organize themselves." This state of affairs is more true in the case of India. The result is that Managing Agents have abused their position for personal gains especially during the war and post-war period. In his speech at the Annual General Meeting of the Associated Chambers of Commerce, held recently, Shri Deshmukh, explaining the necessity for the Ordinance (and later the Act) of 1951, amending Companies Act stated: "You will recall that it was because some of these forms and institutions (traditional forms of private enterprise) lacked the basic spirit of enterprise and in some cases became the refuge of anti-social forces that the Government was compelled to amend the Indian Companies Act in 1951...."

If, therefore, the Government takes into its own hands some of the rights that should be exercised by the shareholders, there will be at least one consolation, viz., that such powers will not be abused for personal gains at the cost of the shareholders. We would not like to be misunderstood. We are not in favour of shareholders abdicating their rights but if these rights have at all to be abdicated, abdication in favour of Government is preferable to that in favour of Managing Agents.

Croesus further suggests that some arrangements be made in the Company Law (Amendment) Bill so that the Company Chairman may not be forced to give out "information which may not always be in the best interests of his Company". While the principle behind this may be acceptable, what guarantee is there that under this pretext even legitimate information will not be denied to the shareholders? A Mill Company under very well-known Managing Agents had invested a considerable sum in the "shares of joint stock companies". When details of these investments were asked for by a shareholder, the same had been denied. A denial in the case of an Investment Trust would be understandable. But a Mill Company has no business to invest in shares of joint stock companies when it has to raise huge loans from banks to finance its day-to-day working. Scores of instances of this nature can be cited. It would be dangerous to provide the Managing Agents with such blanket powers as Croesus suggests without making adequate safeguards.

Yours faithfully,

NATVARLAL RATILAL
Jt. Hon. Secretary,
Bombay Shop-Assistants' Federation

Bombay-4.

THE CASE OF OWEN LATTIMORE

Sir,

Reference Odysseus' reply in your issue dated December 17, 1954, please permit me to place the following points before your readers:

(1) What I had quoted in my earlier letter was not a 'stray quotation' from Lattimore's books, but a 'letter'. Lattimore knew very well that Asiaticus was Han Muller who wrote rabid Communist articles in purely Communist magazines like the "New Masses" and "China Today". Similarly, he knew that Chi wrote straight Communist propaganda under the penname 'Hanchan'. Nor is the problem of motivation so simple as Odysseus would have us believe. Most of the Communists and their fellow-travellers work for world Communism because they believe it to be good for their own country. And they say so. But here is a man who believed in it, but who planted it surreptitiously rather than advocate it openly. I hope Odysseus has heard of Henry Wallace. He openly supported Soviet foreign policy for years. But can anyone indict him like Owen Lattimore? The trouble with Lattimore was that he tried to hide his sympathies—at a time when America was fellow-travelling with Russia and there was no McCarthy to denounce him for his open advocacy of the Soviet point of view. Why should Lattimore have written: "For the U.S.S.R.—back their international policy in general, but without using their slogans and above all without giving them or anybody else the impression of subservience"? Exactly because Lattimore knew that he himself as well as Asiaticus, etc., were subservient. If Odysseus could walk into my office I can show him the excellent reviews which all of Lattimore's books received in the Soviet press.

It is debatable that Eisenhower is trying to follow Lattimore's policy towards China. But assuming that Odysseus' judgment is correct, it is not a vindication of Lattimore but a condemnation of Eisenhower. If America is again trying to sell her friends and appease her enemies as she did in the Far East and East Europe under the advice of Lattimore and his friends, America will go down along with the rest of the world.

(2) About U.S. aid to Chiang Kai-shek, Odysseus has completely missed my point. He had written that Chinese Communists triumphed in spite of America "pouring dollars into Chiang's coffers". The reference was clearly to the years 1946-49. There has been a lot of help to Formosa since Chiang left the mainland. Let me know what help Chiang received between 1946-49 when he needed it most?

Yours faithfully,
SITA RAM GOEL

Calcutta.

II.

Sir,

May I be permitted to commend the letter of Mr. Sitaram Goel correcting Odysseus concerning the Lattimore case?

Mr. Lattimore is not being tried for treason but for alleged perjury.

The difficulty lies in close and accurate definition of "Communist causes."

Moreover, Mr. Goel is correct in stating that far from giving full financial and military support to Chiang Kai-shek, the U.S. Administration has been extremely niggardly. I should like to see his demonstration, however, of the charge that "the U.S. Government.....helped the Japanese, the Russians and the Chinese Communists to isolate, overthrow and destroy the Nationalist Regime". Perhaps "The Eastern Economist" will print some of them.

Yours faithfully,
EDGAR ANSEL MOWRER

Washington 8, DC.

BUSINESS NOTES

DISCRIMINATION IN SHIPPING

If the crucial test of a fair deal and accommodation to underdeveloped countries is applied to the world of shipping, those maritime powers which have built entrenched positions for themselves will be found sadly wanting. This is one of the strategic points of national economies where the talk of economic co-operation between the countries of the free world assumes a faltering tone. But it is the one where massive performance ought to be shown to enable the less developed nations to build a really worth while second line of defence. The attitude of the established maritime countries has been based on the principle of discrimination in some form in the matter of agreements on shipping. So adamantine is this attitude that Sir A. Ramaswami Mudaliar has been constrained to sound a note of retaliation in his presidential address before the last annual general meeting of the India Steamship Company. He has exhorted the Government, shippers, shipping companies and in fact the public at large to lend their conscious support to creating a climate in which the shipping companies can negotiate from strength in breaking down the barriers of discrimination and restrictive trade practices raised by the entrenched interests in international shipping. In fact, a forward attitude like this is the major hope for aspiring new maritime countries to come into their own.

It is not merely at the national level that shipping companies of backward countries have to qualify themselves for negotiating from strength. This technique is also essential at the intra-regional level—the region of South-East Asia which must build up an order of economic integration. This is precisely the point which is implied in the chairman's speech. He refers to the case of cross trade where, for instance, shipping companies of foreign countries undertaking trade between third countries exclude Indian shipping companies. India is allowed membership of the Western Italy-India Conference, but not that of Western Italy-Pakistan or Ceylon or Burma Conference, while shipping companies which do not belong to Italian or any of these nationalities are admitted to these conferences. This rank discrimination has its plain moral. South-East Asian countries must, in their own enlightened self-interest, refuse to be victims of this age-old strategy of divide and debilitate. On a regional basis, they ought to arrive at arrangements of accommodating Asian shipping interests on a basis of reciprocity. The chairman has again referred to the non-admission of the company to various conferences controlling the trade between ports on the India-Continent-U.K. route. It is only to be trusted that this fundamental issue which vitally affects the earning capacity of companies like this will be settled amicably. In the absence of a peaceful settlement, the chairman feels that the company will have to make its own decision. Perhaps, a race in discrimination may be set in motion as a direct consequence of this obstinate attitude.

CONFERENCE ON TOURISM

The official conference on tourism held here in the third week of December last displayed a sense of urgency in promoting the tourist trade in confining its deliberations to a short-term plan for providing better facilities and more comforts to tourists visiting this country from abroad. In the last four years, the Transport Ministry's policy has been pursuing a progressive course in organizing tourism on a planned basis. Several factors, including the keen interest invoked in the transition that is under way in this country, have undoubtedly contributed to the growing volume of tourist traffic in this country. But Government's share in stimulating it deserves to rank high. In the last four years the number of tourists coming to this country has more than doubled and last year's estimate of over 40,000 visitors would appear to be quite realistic. The conference decided to give prompt priority of its plan of an outlay of Rs. 4 crores on construction of new roads and renovation and improvements of existing roads to places of historical and cultural interest, extension of comfortable provision of rest houses and ancillary facilities so as to ensure its execution by the end of the period of the present Five-Year Plan.

In one vital respect we are lagging pitiably behind. Tourism involves a powerful element of attention to personal comforts and this basic feature in its negative aspect indicates special measures to reduce discomfort and inconvenience to the tourist. The possession of a tourist introduction card relieves the foreign visitor of some of the rigours of existing legal regulations. But the process of liberalisation has been very tardy. In any event, it certainly cannot be claimed that the customs regulations have been modified as a deliberate concession to tourists on anything like a fraction of the scale on which they have long since been liberalised in other countries. In the matter of personal belongings and luggage, of which a car brought by the visitor purely for personal use and convenience is a typical example, there has been practically no relaxation of the vexatious and rigorous regulations. If a tourist introduction card is considered a sufficient credential to entitle the visitor to priority in respect of accommodation in resting houses, it is difficult to see how analogous concessions by way of exemption from the customs regulations cannot be extended. By a curious coincidence. Mr. J. R. D. Tata, who returned from a tour of eleven countries at this time, after the international motor rally at Geneva, emphasized the immediate need to bring the relaxation of customs formalities in India in line with what prevails in most other countries. The divergence is so marked and it comes so much home to the visitor, that serious thought must now be given to the elimination of this disincentive to pleasure tours to this country.

CHARACTER OF THE BANK OF BARODA

The Gorwalla Committee on the All-India Rural Credit Survey has recommended the establishment of a State Bank of India by statutory amalgamation of the Imperial Bank of India and other State-associated banks. This list includes the Bank of Baroda. It seems to have been simply assumed that the Bank of Baroda comes within this category and is therefore one of those coming under the projected scheme of amalgamation. The basis of this assumption has not been examined. This vital question bears scrutiny. The present position is that it is not a State-associated bank, as, since the merger of the Baroda State it has neither been entrusted with any treasury or other Government work, nor had any contract for such work with any State, nor had a Government nominee on its directorate.

The Bank of Baroda is one of the country's "big five" and has an excellent record of service to the business community in important commercial centres in this ountry. It has recently opened branches at Mombasa, Kampala, and Nairobi. The Reserve Bank recognises the Bank of Baroda as a scheduled bank doing purely commercial bank business, and the Government have only recently appointed Mr. N. M. Choksi, the manager of its Bombay branch, on the Trade Delegation to the Middle East, as the representative of commercial banks. The Rural Banking Inquiry Committee, which reported in 1949, gave a list of State-associated banks, which does not include the Bank of Baroda. These facts demonstrate that the Bank of Baroda is purely a commercial bank operating in the private field with international ramifications, and its business

and structure are identical with those of other leading commercial banks.

ZERO HOUR FOR AIR AGREEMENT

The bonds of closer economic co-operation between India and the U.S. certainly make it imperative that no efforts should be spared to prevent the termination of the air transport agreement concluded between the two countries nine years back. The negotiations which took a protracted course for nearly two years, with long spells of suspension, have been deadlocked over the issue of a mutually agreed scheme with regard to the fifth freedom traffic. It is India's legitimate case that the Indo-U.S. agreement should be modified on the pattern of her existing agreements with the U.K., the Netherlands and Australia with regard to a sharing of the fifth freedom traffic (offering in the territories of third countries) between the parties to the agreement on a basis of allocation related to the carrying capacity of their fleets.

The U.S. has all along declined to consider this claim, but in doing so she is overlooking the difference in the situation when the present agreement was concluded and the situation obtaining now. At the time of the agreement India had not stepped in the sphere of international civil aviation nor had she a near prospect of doing so. For a considerable period now Air-India International finds to its great detriment the consequence of the absence of a specific scheme of allocation of traffic. If the notice of termination of the agreement already served by India takes effect on January 14 next, PAA and TWA will be entitled to refuelling facilities at Indian ports, but they will lose their right to pick up or lay down traffic—both passenger as well as freight. The U.S. proposal for an interim stand-still agreement will automatically extend the life of the agreement beyond the intervening period, since India will be under an obligation to give one year's notice of termination afresh. The Indian Government has been unable to accede to this request in view of this technical difficulty, but more so on account of the fact that the issue has been thrashed out threadbare. A delegation on behalf of the U.S. State Department is reported to be coming to this country in a matter of a few days. It is to be hoped that the deadlock will be broken before zero hour arrives.

CHANGING PROSPECT FOR COTTON TEXTILES

Sir Shri Ram has struck a note of caution against an unrealistic assessment of the prospect for the cotton textile industry in the long-range context. This assessment must inevitably be related to the global trends in the industry and here he has emphasized, in the course of his presidential speech at the last annual general meeting of the Delhi Cloth and General Mills Company, that the transition in the traditional cloth importing countries in Asia and Africa towards indigenous manufacture has not received the notice it really deserves. The impact of this transition is a matter of closer concern for India than, for instance, for the U.K. Nevertheless, cotton exporting countries which have evolved more advanced techniques than this country (where a brake has been put on rationalisation) have also felt the consequences of this important trend. The Lancashire textile industry's cry against the imports of Indian cloth in the U.K. is a clear symptom of the changing state of the international market for textiles. Japan's provisional policy of a reduction in exports, however, is the result of her individual difficulties. But the great strides which she made in the export trade till the first half of 1954, indicate the resilience of the Japanese industry.

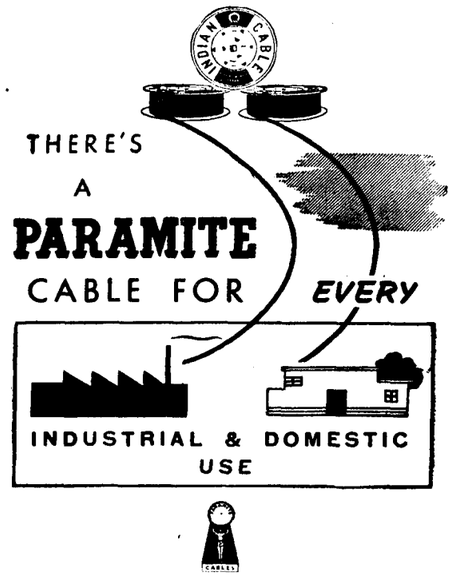
In India the first rumblings of the arduous period ahead were heard at Ahmedabad. There, not less than 35 per cent of the mills are said to have sustained loss in 1953 and although the stress of the use of high priced imported cotton in that year has been relieved since then, the problems of the industry at Ahmedabad persist. Over the country as a whole, the cotton textile industry has to bear the pressure of falling prices with an inflexible structure of production costs. Sir Shri Ram is highly sceptical about the validity and wisdom of some of the basic recommendations of the Kanungo Committee. He refers to the suggestion for setting up 80 spinning mills and 20 lakh spindles in the course of the next few years and points out that the experience of spinning mills in the South, where the country's concentration of this category is to be found, does not justify this enthusiasm. He also stresses that the reservation of a production target of 32,000 million yards of cloth for handlooms is over-ambitious. It is also a very remote level from what the industry has so far achieved.

ACC'S SATISFACTORY PROGRESS

The Report of the Directors of the Associated Cement Companies for the year ended July 31, 1954, conveys a note of confidence in the continued progress of the enterprise. The financial working for the year 1953-54, after meeting all the expenses of operation and management and after making adequate provision for depreciation and taxation, shows a profit of Rs. 2,09,03,985. With the addition of the balance brought forward from the last year's account of Rs. 3,69,730, a total of Rs. 2,12,73,715 emerges, out of which appropriations to reserve funds, bonus to employees and education endowment get a slice of Rs. 97,69,593. The balance left over for disposal thus amounts to Rs. 1,15,04,122. The Directors have recommended a dividend for the year under report at the rate of Rs. 8-8 per share, free of income-tax. Dividend payment is automatically extended, in terms of the Amalgamation Scheme to the 4,073 shares agreed to be issued to the Patiala Cement Company, Limited, which will be deemed to have been merged with the ACC from April 1, 1954, after the court's sanction to the scheme of amalgamation already approved by the shareholders of the two companies.

In view of the withdrawal of the Dalmia group from the Cement Marketing Company of India, Limited (Sales Managers) from 1948, the latter virtually functioned as the Sales Department of ACC and the Patiala Cement Company. The special overriding provisions conferred on the Cement Marketing Company by the original agreement becomes superfluous. The position was brought into conformity with facts by substituting the original agreement by a simple document which appointed them as Sales Managers with effect from the commencement of the accounting year 1953-54. Their transactions now appear as part of the accounts of ACC.

The Company's production as well as offtake of its products were remarkably higher in 1953-54 than in the previous year. This result reflects the fruits of the policy of rehabilitation and modernisation which the Company has been pursuing vigorously. The different projects of extension and modernisation as well as the new construction at Sindri are progressing according to schedule, rather ahead of it in particular cases. The total amount of Rs. 20.17 lakhs credited to a separate bank account between February 8, 1954, and July 31, 1954, in pursuance of the Government's directive to earmark a sum at the rate of Rs. 2 per ton out of the permitted price of Rs. 71 per ton for clean cement was spent on rehabilitation and expansion. In fact the company has been ploughing back a good share of profits into the business.



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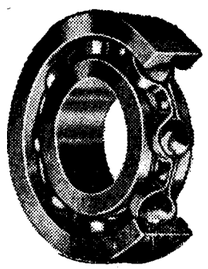
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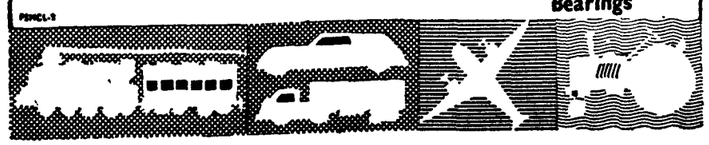
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COMMODITY NEWS AND NOTES

FREE WORLD NICKEL PRODUCTION IN 1954

Nickel production of the Free World at 390 million lbs. has reached an all-time record in 1954. This is 50 million lbs. higher than the 1953 production. The Canadian producers expected to surpass any previous year at approximately 320 million lbs., over 80 per cent of the Free World's total. In 1953 it was 286 million lbs. Most of the increased production was absorbed by the Government stockpiling acquisitions in 1954. It was, therefore, the stockpiling programme which called for even greater production and caused increase in prices. There is, however, the need for research on the development of new uses for a metal which is being produced in ever larger quantities, and may not be stockpiled at the present rate indefinitely. In that case the present scarcity could change suddenly to overabundance and could cause a slump. The Free World production in 1955 has been approximated at 415 million lbs. and it is expected that after satisfying defence requirements and deliveries to Government stockpiles, more is expected to be made available to industry for the civilian sector.

ALL-INDIA SECOND ESTIMATE OF SUGARCANE, 1954-55

The Ministry of Food and Agriculture, Government of India, puts the current year's acreage and production of sugarcane at 3,617,000 acres and 47,469,000 tons of cane as against the adjusted second estimate of 3,503,000 acres and 42,111,000 tons of cane respectively for 1953-54. This shows an increase of 114,000 acres or 3.3 per cent in area and 5,358,000 tons or 12.7 per cent in production over last year. Expressed in terms of gur, the production is placed at 4,749,000 and 4,209,000 tons during 1954-55 and 1953-54 respectively. The increase in acreage and production of sugarcane during the current year has been reported largely by Uttar Pradesh and to a lesser extent by Andhra and Madras and has been attributed to higher prices of gur, better seasonal conditions and better irrigation facilities during the current year as compared to last year. The increase in area and production has been offset, to some extent, by decreases registered by Bihar and Punjab due to unfavourable weather conditions during the current year.

This estimate covers the period generally up to the middle of October, 1954. Till then, condition of the crop was reported to be, on the whole, satisfactory in all the States except in parts of Bombay and U.P. where the crop was affected, to some extent, by pyrilla, smut, rust and white ants. The crop was also reported to have been damaged by water-logging in certain areas of U.P. due to heavy rains. The estimate does not cover the entire area sown to sugarcane crop during 1954-55. Past experience shows that the area at the second estimate stage forms roughly 95 per cent of the area of the crop finally reported.

INCREASED SUGAR OUTPUT

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the production of white sugar on the basis of the first forecast during the 1954-55 season (November to October) is estimated at 12.99 lakh tons as against 10.01 lakh tons (actual) in 1953-54.

This shows an increase of 2.98 lakh tons or 29.8 per cent over the previous year's production. This increase is expected to have been shared by almost all the sugar-growing States.

ALL-INDIA FINAL ESTIMATE OF POTATOES

The Ministry of Food and Agriculture, Government of India, puts the area and production of potatoes in 1953-54 at 648,000 acres and 1,965,000 tons as compared with the partially revised estimate of 628,000 acres and 1,956,000 tons respectively for 1952-53. This shows an increase of 20,000 acres or 3.2 per cent in area and 9,000 tons or less than one per cent in production. The increase in current year's acreage has been shared by almost all the States due to favourable weather conditions at the time of sowing. The increase in production has been shared mainly by Assam, Bombay, Madras, Uttar Pradesh and Himachal Pradesh but this increase has been offset, to some extent, by decreases reported by Bihar, Punjab and West Bengal.

PAKISTAN'S FINAL ESTIMATE OF JUTE CROP FOR 1954-55

The final estimate of the area under jute crop for the year 1954-55 is 1,150,000 acres (Olitorious and Capsularis varieties being 265,000 acres and 887,000 acres respectively.) The estimate includes 17,000 acres sown in the district of Sylhet and 1,000 acres sown in the Chittagong Hill Tracts, where Jute Regulation Act is not in force. The corresponding estimate for last year was 760,000 acres, Olitorious and Capsularis varieties being 188,000 acres and 572,000 acres respectively. The latter estimate included 14,000 acres sown in the district of Sylhet and 1,000 acres sown in the Chittagong Hill Tracts. The final estimate of area this year shows an increase of 51.3 per cent over the corresponding estimate of last year. The area for which licences were issued was 1,231,000 acres, as against 811,000 acres in the last year. The total yield of this crop is estimated at 2,708,000 bales of 400 lbs. each, Olitorious and Capsularis varieties being 648,000 bales and 2,060,000 bales respectively, as against 2,503,000 bales, Olitorious and Capsularis varieties being 660,000 bales and 1,848,000 bales respectively, reported in the corresponding estimate of last year. This shows an increase of 8.2 per cent. The increase in production is much smaller than that which might have been anticipated from an increase of 51.3 per cent in the area under jute this year as compared to last year and is attributed partly to the prolonged drought at the time of sowing, partly to the continued showers during June hampering intercultural operations and stunting the growth, and partly to the damage caused by floods.

WORLD OIL OUTPUT IN 1954

World oil output in 1954, is expected to be about 710 million metric tons against 678 million tons in 1953. This is a peak figure and is due to high rate of production by Middle Eastern countries. The U.S. is the most important producer, with 340 million tons or 48 per cent of the total production. Russian output is put at about 60 million tons i.e., about 10 per cent of the total production. The Middle East production was 136 million tons as compared with 122 million tons in 1953. Of this Kuwait and Saudi Arabia each provided 47 million tons and Iraq just over 30 million tons. Venezuelan production is estimated at just under 98 million tons. Within the Commonwealth, Canada is the leading producer and is expected to supply 12½ million tons.

COMPANY AFFAIRS

BENGAL PAPER MILLS CO., LTD.

The audited accounts of the Bengal Paper Mills Co., Ltd., (Managing Agents: Balmer Lawrie and Co., Ltd.) for the half-year ended June 30, 1954, show a decline in the sales figure from Rs. 97.39 lakhs during the previous half-year to Rs 80.09 lakhs. The net profit, after providing for depreciation, stands at Rs. 7.72 lakhs. The gross profit, after bringing in the amount from the previous half-year, amounts to Rs. 9.13 lakhs. Out of this amount the directors have transferred Rs. 4.00 lakhs to Tax Contingency Reserve leaving a balance of Rs. 5.13 lakhs which is proposed to be dealt as follows:

	Rs.
Dividend on cumulative preference shares at 7 per cent per annum, free of income-tax	7,000
Dividend on 'A' cumulative preference shares at 7 per cent per annum, free of income-tax	14,000
Dividend on 'B' cumulative redeemable preference shares at 6 per cent per annum (subject to deduction of Indian Income Tax)	60,000
Dividend on ordinary shares at 12½ per cent per annum, free of income-tax	2,81,250
Balance carried forward	1,50,325
TOTAL	5,12,575

The Directors reported that production during the period under review was maintained at a satisfactory level but below the record of the previous half-year. Throughout the half-year labour relations were reported to be good.

The salient features of the working of the Company during the last three half-years are summarised in the table below:

Half-year ended	30-6-53	31-12-53	30-6-54
		(In lakhs of rupees)	
Sales	46.77	97.39	88.09
Net profit*	— 4.97	+ 8.79	+ 7.72
Block depreciation	1.53	4.34	3.92
Taxation	Nil	Nil	0.30**
Salaries and wages	15.42	22.46	22.26
Manufacturing and other charges	34.71	55.44	52.16
General reserve	Nil	4.00	4.00§
Ordinary dividend (rate per cent per annum)	Nil	12½	12½

* After providing for depreciation and debenture interests.
** Provision for sales tax.
§ Tax contingency reserve.

THE ASSOCIATED CEMENT COMPANIES LTD.

The working results of the Associated Cement Companies Ltd., for the year ended July 31, 1954, show a profit of Rs. 209,04 lakhs (Rs. 196.46 lakhs in 1952 and Rs. 181.23 lakhs in 1953) after meeting all expenses of operation and management, and after allowing for depreciation and taxation. Together with the balance brought forward from the preceding year, the total amount available for appropriations comes to Rs. 212.74 lakhs. A sum of Rs. 97.70 lakhs has been appropriated in the manner detailed below:

(a) Reserve for Plant Reinstatement	Rs.	50,00,000
(b) Bonus to Employees	,,	36,65,000
(c) Reserve Gratuities	,,	10,00,000
(d) Additional bonus to employees for 1952-53	,,	89,564
(e) Madukkarai Works School Endowment Fund	,,	15,029

The directors have recommended payment of a dividend, free of income-tax, at the rate of 8½ per cent (9½ per cent in 1950-51, 1951-52 and 1952-53) absorbing Rs. 108.11 lakhs.

The balance of Rs. 6,93,281 is proposed to be carried forward. Earnings of the A.C.C. Ltd., have been steadily pushing up from year to year. Total earnings (from selling cement as well as other sources) stood at Rs. 17.62 crores as against Rs. 15.79 crores in 1952-53 and Rs. 15.24 crores in 1951-52. On the expenditure side, the cost of making cement advanced from Rs. 12.11 crores in 1951-52 and Rs. 12.78 crores in 1952-53 to Rs. 14.19 crores in the year under report. Provision for taxation was as high as Rs. 134.00 lakhs as against Rs. 119.60 lakhs in the preceding year.

It is interesting to know as to how total earnings of the A.C.C. Ltd., were expended in 1953-54. The table below shows that the share of the shareholders was less than the provision for taxation:

	Percentage Expenditure
Raw and Packing materials, repairs and manufacturing charges:	40.55
Freight on cement	18.46
Employees	16.83
Taxation	6.81
Shareholders	5.68
Depreciation	4.72
Administrative and Selling Expenses	4.34
Reserves	2.61

MOHINI MILLS, LTD.

The directors' report and the audited accounts of the Mohini Mills, Ltd., (Managing Agents: Chakravarti Sons and Co.) for the year ended December 31, 1954, disclose a decline of Rs. 13.34 lakhs in sales from Rs. 242.95 lakhs in 1952 to Rs. 229.61 lakhs during the year under review. Stocks for the year under report have gone up by Rs. 1.96 lakhs to Rs. 15.94 lakhs. Despite the fall in sales and the rise in stocks, the net profit has gone up by more than three times from Rs. 9.53 lakhs in 1952 to Rs. 30.13 lakhs in 1953. The directors, have set aside Rs. 7.15 lakhs for depreciation and Rs. 21.00 lakhs for taxation. The ordinary dividend has been increased from 5 per cent per annum during the last year to 7½ per cent per annum in the year under reference.

Regarding transfer of profits from Pakistan to the registered office of the mills, the State Bank of Pakistan have informed that a remittance of Rs. 5,21,493 to India on account of the profits up to the year ending December 31, 1951, would be allowed after final assessment and production to them of the income-tax clearance certificate. Application is also being submitted to the State Bank of Pakistan for the transfer of profits for 1952 and 1953.

The fluctuations in the fortune of the Company during the last two years are set out in the table given below:

Year ended	31-12-52	31-12-53
	(In lakhs of rupees)	
Sales:		
Cloth	235.76	225.07
Yarn	3.51	0.81
Waste cotton and yarn	3.68	3.74
TOTAL	242.95	229.61
Stocks	13.98	15.94
Gross profit	16.25	37.28
Net profit*	9.53	30.13
Provision for taxation	8.00	21.00
Provision for Depreciation	6.71	7.15
Salary and wages	46.83	49.10
Ordinary dividend (rate per cent per annum)	5	7½

* After providing for depreciation only.
§ Before providing for depreciation.

COMPANY MEETING

The Delhi Cloth & General Mills Co. Ltd. Delhi

Sir Shri Ram's Speech

Speaking at the 66th Annual General Meeting of the Delhi Cloth & General Miils Co., Ltd., held on 19-12-54, at the Mills' premises at Bara Hindu Rao, Sir Shri Ram, the Chairman, said:

Ladies and Gentlemen,

With your permission I will take the accounts and the Directors' Report as read.

* * * *

Asian and African countries, the traditional importers of textiles, are rapidly becoming producers of textiles themselves. The consequent shrinkage in the volume of international trade in cotton textiles has led to keener competition for the remaining markets. Even countries where advanced techniques have made headway, like the United States or the United Kingdom, have felt the pinch.

In the United Kingdom, a country to which we export a substantial quantity of cloth, a campaign is already gathering strength, both employer and labour groups contributing their share to this agitation, to retard the import of Indian textiles. Of greater significance to the world textile situation are the developments in the Japanese textile industry. Only five years ago, Japanese cotton mills worked less than 1,200 million spindle hours in a month. In the current year they have averaged no less than 2,800 million spindle hours. The number of looms in Japanese mills has risen by over 60 per cent from the levels of 1949, while exports of cotton cloth from Japan in the first half of 1954 were as high as 628 million square yards, against only 391 million square yards in the first half-year of 1953.

In India itself the position is not free from anxiety. Prices have tended to be easy while the level of costs has remained more or less pegged at its previous, high level. Smaller and, what is worse, declining margins of profits have therefore become the rule in the operation of Indian mills. In the course of the last three months a state of affairs almost approximating to a rate-war has obtained. Disappointing financial results have been the rule and in Ahmedabad, the second largest cotton mill centre in India, I hear barely 19 out of 65 mill companies made a profit in 1953.

* * * *

Our mill at Hissar will be located in an excellent cotton tract which promises to develop into one of the most prosperous agricultural regions in the country with the completion of the Bhakra-Nangal Project. In spite of our best efforts, there is likely to be some delay in the starting of this mill, as the supply of Power required may not be available in time. I would again request the Government of India to grant us permission for installation of looms.

* * * *

Unfortunately the path of expansion is far from smooth, although the difficulties are not of our own making. And, I cannot help referring in this connection to the drastic character of the recommendations contained in the Report of the Kannungo Committee. In view of the comprehensive character of this Report and far-reaching repercussions that are likely to follow from their implementation, I have no doubt that the Government will give an opportunity to all the interests concerned, namely, industry, labour and consumers, to state their views before any final decisions are reached. There are, however, one or two points in the Kannungo Report which merit reference at even this stage.

I do not feel that the actual experience of the South Indian Mill Industry, and that is where the large majority of our exclusively spinning mills are located, quite justifies the optimism of the Kannungo Committee about putting up 80 spinning mills with 20 lakh spindles in the near future. Both in the light of this background as well as in view of the greater range of investment openings provided for in the second Five-Year Plan, I am unable to share the faith that the Kannungo Committee have in the feasibility of their recommendation.

The Kannungo Committee estimate the total demand for export and for consumption in India in 1960 at 8,200 million yards of cloth, of which 1,000 million yards are to be exported and of the balance of 7,200 million yds., 3,200 million yds. are to be produced by handlooms. I want only to point out that this level of production is higher than anything attained by the handloom industry in the course of the last hundred years. Government estimates of current levels of handloom production are around 1,200 million yds., and I cannot help feeling that the prospects for the projected increase are not very bright.

Sugar continues to be a problem. On the one hand, the per capita consumption of sugar has rapidly risen in the last few years, while national production has declined from 15 lakhs in 1951-52 to 10½ lakh tons in the season that is just over. Inevitably, these divergent movements in the volume of supply and level of demand have to be bridged, at least for the time being, by a large volume of imports, causing avoidable strain on the foreign exchange resources of the country. Some expansion in the production capacity of the industry is already under way, but it is clear that the gap will remain to a large extent unbridged unless the Government of Uttar Pradesh (where our mills are located)—beneficiaries to the tune of crores from cane cess and otherwise—alter their present attitude in favour of a more rational sugarcane policy. So far as the U.P. is concerned, not only has nobody asked for a licence for a new factory, but in fact many factories have already asked to be allowed to shift to other States. This should provide food for thought to the U.P. Government, to the cane growers in U.P., to the factory owners and to labour. U.P. and Bihar, at one time, were believed to be the only States that could meet the demand for sugar for the whole country and why the situation has changed needs to be gone into with an open mind by all the parties concerned named above.

I am giving below certain facts and figures which will show the handicap, in simple language, which the factories in U.P. suffer from as compared to the factories in Bombay or, 'vice versa', the advantage factories in Bombay have over the factories in U.P. It will be noticed that in this simple calculation the difference in cess and the charges of co-operative societies in the two States have not been taken into account.

The position of the sugar factories situated in such areas where there are two monsoons, like Mysore and certain parts of Madras, is necessarily much better.

(Average of 1948-49 to 1952-53)

	Duration of Crushing Season	Average Recovery
1. Bombay	127 days	11.4%
2. Uttar Pradesh ..	111 „	9.68%
Difference	16 days	1.72%

These differences work out to a substantial financial handicap, as will be seen from the fact that an up-to-date factory of 28,000 maunds of daily crushing capacity in U.P. can consume only 31 lakh maunds of sugarcane as against 35.56 lakh maunds in Bombay. The gap between the two areas is still larger when the comparison is made with reference to the output of sugar—only 3,00,000 tons in Uttar Pradesh and over 4,00,000 tons in Bombay. It needs to be realized very clearly that the management of a sugar mill has no control over 13 annas in a rupee of costs. The farmer gets about 9 annas, and the Co-operative Society commission, cane cess and excise duty together take away another 4 annas. The scope that the Management has in the matter of cost reduction is small, and it is not fair to put the blame for high costs, and therefore, high prices of sugar on the mill interests. I would earnestly request the U.P. Government to aggressively attack the question of better yields and better quality of cane which will give higher recovery, also on evolving early ripening and late maturing varieties and call a conference of a few factory owners, cane growers' representatives, labour and Government officials, and in this conference it must be impressed on the growers not to be short-sighted, but to take a long view and see that the factories in U.P. may not have to think of shifting. The factory owners should also try to improve the efficiency and reduce costs. Labour on its part should also take a long view and bring down costs.

On our part, we have decided to explore every avenue of reduction in costs, and as a part of the programme, we propose to raise the size of our Mawana Factory by one-third.

An example from the sugar industry should help to explain my attitude further. The sugar industry, as you know, consists of three levels—Mills, Khandsari, and Gur—roughly synonymous, in that order, with large-scale, small-scale and cottage producers. The blanket application of the principle of protecting any producer, just because he happens to produce on a smaller scale, amounts in this case to protection for the producer of Khandsari sugar. It is well known, that for every maund of sugar produced, the Khandsari producer requires a much larger quantity of cane, ultimately burning off the excess in Bagasse. The Central Government loses the Excise Duty, while the State Government, in turn, loses the cane cess that they would have otherwise collected. In addition, unlike the production of Gur, the employment afforded by the Khandsari producer is very small.

Developments of the type I have dealt with earlier often make me feel that in the prevalent controversies between capital and labour, on the one hand, and about spheres of operation of cottage, small-scale and large-scale industries, on the other, contestants sometimes appear to be oblivious of the central aim of economic planning in India—namely service of 375 million consumers, the bulk of whom are living at a very low level of subsistence. We are all agreed that the need to raise their standard of life admits of no delay. But how is the increasing, abundant supply of goods at progressively lower prices that are consistent with quality, expected to emerge when we fail to make optimum use of all resources available to us in any sphere of productive endeavour?

Take, for example, the case of the handloom industry. On the one hand, the Government has to directly subsidise handloom cloth to the tune of three annas in the rupee. On the other, the mill industry is called upon to bear a tax burden of three annas, or even more, in a rupee of costs. Notwithstanding this dual disability on the large-scale producer, the handloom worker receives as wage a mere fraction of what the mill worker earns in the same centres. It is necessary to recognise that a socially desirable level of wages in the handloom industry, though inevitable, will further raise the cost of handloom production to a prohibitive level.

Leaving out of consideration the competing interests of the mills and handlooms, it may be instructive to examine the textile situation from the consumer's angle. There cannot be any doubt that an increasing population and the prospect of a better standard of living, taken together, preclude a long run situation where the supply of textiles exceeds the demand for them. This being so, one cannot but feel that the conscious diversion of handlooms into uneconomic types of production, instead of production supplementary to that of mills, is only a thinly veiled way of passing on the burden of the high cost of outmoded techniques to the poor consumer.

When we are dealing with issues of this character the relationship between industrial productivity and industrial income has to be borne in mind. We have to face the fact that the developments of recent years have placed industrial wages out of alignment with the average income of the average consumer. The following table shows the percentage of wages to per capita income in a few countries for the year 1952:

Country	Wages	Per Capita Income	Percentage of Wages to Per Capita Income
U.S.A. ..	$ 3534	$ 1857	190
Canada ..	$ 2788	$ 1257	221
U.K. ..	£ 392	£ 270	145
France ..	Fr. 277647	Fr. 239366	116
Germany ..	Mk. 3848	Mk. 2021	190
Argentina ..	Pesos 10980	Pesos 8659*	127
Japan ..	Yen 162192	Yen 61783	263
India ..	Rs. 1111	Rs. 265	419

* The figure is for 1951.

In seven countries—U.S.A., Canada, U.K., France, Germany, Argentina and Japan—for which the Federation of Indian Chambers of Commerce have gathered information, it may be seen that the average income of the worker varies between 116 per cent and 263 per cent of the per capita income, whereas for India the figure is well above 400 per cent. I am well aware of the limitations of such inter-territorial comparisons but no methodological criticisms can do away with the immenseness of the gap between the average Indian and his industrial counterpart, or to put it in a slightly different context, namely, the average agricultural labourer, whose numbers, according to the 1951 Census, are about six times the number of industrial workers. According to a Government inquiry recently completed, this group of people earns, on an average, less than one-third of what the industrial worker gets. Even here the gap is smaller than the percentage of money figures would indicate. But I am not talking in terms of a precise measure thereof. On the larger consideration, and without suggesting any reduction at all in the emoluments of the industrial worker, I feel that

we are entitled to expect the industrial worker to contribute his share in the matter of reducing industrial costs, thereby taking an essential step in the matter of supplying a large flow of goods to build a rising standard of living for all Indians. In making these remarks I do not imply that the standard of living of the average Indian factory worker is at a desirable level. Nor do I make these figures a basis for suggesting any reduction in the emoluments of labour.

I also feel that reduction in industrial costs, and, therefore, prices, has a larger significance in our context. As one who is not enamoured of the idea of deficit financing on a large scale, I feel that a concerted drive for the reduction of industrial costs is a safer and surer way for the generation of additional purchasing power. I am sure, that even advocates of deficit financing will not mind accepting a caveat from me when I urge immediate and comprehensive exploration of the possibilities of reducing costs in the industrial sector of Indian economic life. I might go a step further and say that what is more important in the Indian context is to set into motion a more virtuous circle—cheaper and better goods, higher consumption, and so on, in a cycle that is ever widening, even if its composition in terms of goods undergoes important changes in relative emphasis from time to time. It is my feeling that we in India have not investigated adequately the mighty prospects opened out by combination of effort and willingness to accept a moderate remuneration for the same. It is far from my mind to suggest that the path for this result is easy. But the toughness of the path is certainly less important than the tremendous reliability that it definitely commands.

* * * *

The Managing Agents, you must have noticed, have offered to reduce their remuneration with effect from the 1st July, 1953, and for the duration of the Managing Agency Contract. I am happy that this has been done, although it is embarrassing for me to say anything more.

I have taken much of your valuable time, and in conclusion, I want to briefly reiterate my plea. I am not out to thwart, let me emphasize, either the handlooms, or any other cottage or small industry. I do not stand for depression of the wage levels. Nor do I uphold the cause of mechanisation, irrespective of its cost in terms of human welfare. All that I say is: let us all work for a healthy, progressive and balanced economy in which every sector is allowed to contribute its special best, and no one sector is propped up at the expense of any other. Do not injure existing well-established sources of cheap production until you have established or can establish quickly alternative sources, no less efficient and definitely more beneficial. There can be no greater mistake than imagining that handicapping established sources will in itself create these effective, alternative agencies. Robbing Peter may not provide sufficient booty to pay Paul and both may perish of starvation, through ill-conceived efforts to redress an imaginary injustice. Nothing of this kind need happen at all, for, in a balanced healthy economy, in which the interest of the consumer is supreme, there is ample room for Peter, Paul and all!

As a very distinguished banker in the United Kingdom, namely, the Rt. Hon'ble Lord Balfour of Burleigh, the Chairman of the Lloyds Bank, said in another connection, "No one in this world owes us a living". We all tend to forget the obvious. We shall gain nothing by criticising others or envying them. Our measure of ultimate success as an industrial concern can only be a measure of our own efforts, our hard work, our integrity of purpose and our resolve to consider, first and last, the interest of the consumer, whether he is in India or elsewhere.

India Steamship Co., Ltd.

SIR A. RAMASWAMI MUDALIAR SURVEYS SHIPP ING PROBLEMS

Address of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), Chairman, India Steamship Co., Ltd., delivered at the Annual General Meeting of the Shareholders of the Company, on December 30, 1954.

Gentlemen,

The Audited Accounts and Directors' Report for the period ending March 31, 1954, has been in your possession for some time. With your permission I shall take them as read.

TRADING EXPERIENCE

The Directors' Report shows that the freight earned during the year is Rs. 3,60,27,999-2-2—Rs. 33 lakhs less than the freight earned during the previous year. This drop in freight and its resultant effect on the profit and loss account of the Company has been attributed by the Directors to the 'go-slow' movement adopted by dock labour in various ports and the general attitude of dock labour in ports. The consequential delay in the turn round of the ships and the time taken by ships in ports as a consequence of the intransigence of labour is reflected both in the earnings of your Company and in the expenditure which the Company has had to meet. To take one item, Port charges increased during the year by more than Rs. 8 lakhs.

In spite of the unforeseen loss due to these circumstances, the Company has made a gross profit of Rs. 27,80,081-8-2 before providing for Depreciation. It will easily be realised that the year under review has been a most anxious one and it is only by the careful management of all departments and of our Agents abroad that even this result has been possible.

DELAY AT PORTS

I have frequently referred to the unnecessary and inordinate delays that are experienced at some of the ports both in India and abroad and have pointed out that the earning capacity of a shipping company is seriously crippled by such delays. The year under review has brought this problem to a critical stage. I must be frank and state that the crisis has been the result of reforms and regulations, in themselves probably good, which have been enforced by the Ministry of Labour, without, however, being in a position to control or direct the labour situation in Indian ports. The waterfront in almost every country presents special problems which do not arise in industrial units in the country. The de-casualisation scheme adopted two years back without adequate consultation with the interests concerned and in fact in spite of the serious apprehensions entertained by Shipping interests and the difficulties pointed out by them, has led to results which the Government did not contemplate and to situations which the Government so far has been unable to meet. It is unfortunate that sometimes proposals adopted in Great Britain in such matters are copied in India without a proper appreciation of the inherent difficulties involved in the application of such proposals. Even in Great Britain with labour better disciplined and with leaders of labour exercising greater authority over trade unions, dock labour has not proved as disciplined as the labour leaders would like them to be. In India with rival Trade Unions competing and with some leaders trying to get advantageous positions among the Unions, it was a foregone conclusion that the reforms copied from England were bound to result in chaos, to the serious detriment of the econo-

mic position of the country itself and in particular of Shipping.

GO-SLOW MOVEMENT

The most distressing aspect of the labour situation at some Indian ports is the 'go-slow' tactics adopted by various classes of dock labour. In spite of the fact that attempts have been made by Government representatives to prescribe the normal work that may be turned out by a gang of workers and the promises held out by labour leaders that these norms will be observed, the situation has deteriorated, indiscipline being rampant and authorities who can supervise or control such labour being incapable, owing to various reasons, to deal with the situation. Where one gang was in the recent past responsible for loading a certain quantity of cargo, more than two gangs, and not unoften even three gangs, are required to load the same amount of cargo.

Last year addressing you, I stated that your Company, along with others, desired to co-operate in providing all reasonable amenities and levels of wages to labour but wished to emphasize that the labourer must be worthy of his hire and that he should do that amount of work which may be reasonably expected of him. Unfortunately conditions have steadily deteriorated. The Port Commissioners labour, the stevedores labour, the winchmen alternately adopt 'go-slow' tactics and ships are help up for weeks on end in loading and unloading their cargo. This situation should not be allowed to last any longer and the public must clearly understand what the continuance of such a situation would mean to the economy of the country.

ECONOMIC CONSEQUENCES

The Report of your Directors shows the economic consequences to your Company as a result of the labour situation, but there are wider consequences than those affecting your Company which result from labour's indiscipline and unreasonable attitude. The trade of the country will seriously be affected, and indeed has already been affected to some extent, by such an attitude on the part of labour. Shippers are unable to meet their contracts and deliver the goods to their importers in time. In an extremely competitive world where countries with the same resources which India has got wish to establish markets for their products, it can easily be realised that the economic consequences of delayed shipments and of shipments made at higher freight rates will be extremely serious to the normal trade of the country. It wants no imagination to forecast that once there is a diversion of trade from one country to another it will be an uphill task to recapture the original normal markets. Government and the public, therefore, have as serious a situation to face as the Shipping companies and I trust that the gravity of the problem having been now realised, effective steps will be taken to regulate the conduct of dock labour. The 'go-slow' movement is nothing else than a direct attempt at sabotaging the efforts that the country is making towards economic progress. The Prime Minister has aptly observed "Aram haram hai". If his attention is drawn to this situation at the major ports in this country he will be shocked at the extent to which this evil practice of idleness is prevalant. When one looks at the amount of unemployment that exists amongst the educated classes and even the skilled workers and compares it with the position generally speaking of dock labour, one will realise how totally unjustified and extremely anti-social the attitude of much of this labour is. It must be stated in fairness to some of the Trade Unions controlling part of the Dock Labour in these ports that both their leaders and the members of such Unions are willing to do their share of work properly but are often threatened with violence for such proper behaviour by the members of some other Unions.

WAGES AND AMENITIES

In all that has been stated before, speaking generally on behalf of Shipping companies, I should like to state that there is no suggestion that they are not willing to meet the legitimate and reasonable requirements of labour. Whether it is Port labour, Stevedore labour or any other kind of labour connected with the dock, the financial burden has ultimately to be borne by Shipping companies and they are well aware of this fact; but they cannot afford to be put to enormous losses quite unnecessarily by the attitude of sections of labour and by the result of factors beyond their control. It is time that the Government sets up a reasonable standard for all such labour and enforces such standard both in work and in wages and amenities on the employers and on the workers. If such a firm decision is not taken by the Government the commendable progress which Indian Shipping has now made in spite of odds and difficulties, will be seriously jeopardised and further progress retarded.

The second Five-Year Plan envisages large industrial development in the country both in the public and in the private sectors and consequently a much larger movement of freight between India and various countries of the West and Far East. Indian Shipping wants to play its part in this national effort to increase the economic strength of the country, to raise the standard of living of its people and to promote greater employment for all classes of the citizens of the country. It will put forward proposals for increasing the tonnage that is now owned by Indian Shipping companies and map out routes other than the existing routes which will have to be served by Indian Lines. All this contemplated progress can only be possible with the goodwill and active co-operation of all kinds of workers in the industrial and the Shipping world, while on the other hand employers must realise their obligations towards the legitimate request of workers of all classes.

At a recent meeting of the Consultative Committee of Indian Shipowners their views on the lines I have indicated above have been fully stated and the Shipping companies now look forward to the Ministry of Transport and the Ministry of Labour acting jointly not merely in the interest of Shipping companies but in the interest of the very economic progress of the country.

A BRIGHTER PICTURE

Let me turn now from this gloomy and unethical situation that I have portrayed to a brighter picture which seems to emerge for your Company in the near future. I mentioned last year that your Company was negotiating with the Government for a loan for the construction of vessels which may be added to your fleet. I am glad to inform you that a loan was granted by the Government for the construction of two ships of 10,000 d/w approximately and orders were placed with a German Shipbuilding Yard—Messrs. Howaldtswerk—for their construction. One of the ships will be delivered after the trial run by the end of this year (1954) and the next ship is expected to be delivered by the end of January 1955. These ships are of the most modern type equipped to carry cargo of all kinds from and to India and with a speed of over 17 knots an hour. In fact they are the fastest vessels that have been built for Indian Shipping and the fastest vessels that are in the freight trade between INDIA-CONTINENT and the U.K. It may be recalled that according to the agreement arrived at in 1950 with the INDIA-U.K.-CONTINENT conference Lines your Company was allowed to trade with twelve ships on this route. Your Directors wish to attain this limit of twelve ships before the period of five years expires, i.e., by the end of 1955, and they are now considering the addition of two more vessels of the same type as has been recently built which will enable them to fulfil the target accepted by them in 1950. With these four fast going vessels of over 17 knots speed and with the six VICTORY ships whose speed is not less than 15 knots, the India Steamship Company will have a fleet of fast vessels comparable with any other Line on this trade and shippers will have no reason to complain of delays. Their shipments to and from India will be transported as expeditiously as by any other Line—in fact more expeditiously than by almost any other Line. I would only reiterate that I trust that all this effort of your Company will not be rendered infructuous by labour troubles and by labour indiscipline.

CONFERENCE MEMBERSHIP

I have repeatedly referred to the fact that the Indian Lines have not yet been admitted to the membership of various Conferences from ports on the route between India and the U.K. and Continent. I mentioned the Colombo-U.K. Conference and the U.K.-Colombo Conference, the Colombo-Continent Conference, the U.K.-Port Sudan Conference and the U.K.-Aden Conference and such Conferences where Indian Shipping has not been admitted to membership. That such non-admission and consequential inability of Indian ships to carry freight to these ports seriously affects their efficiency in earning capacity hardly leaves any room for doubt. Your Company has been pressing year after year that their applications should be favourably considered and accepted. I believe the time has now come for a decision to be taken by your Company. We propose, as we still intend to negotiate on a friendly basis, to apply once more for membership of these Conferences early in the New Year. I do not wish to put it forward either as a threat or a promise but if such membership is still denied, the India Steamship Company must, to preserve its own self-respect, make its own decision on this vitally important matter. I only hope that the way of peaceful negotiation and satisfactory adjustments will be realised to be the best way by all the interests concerned.

CROSS TRADE

The geographical and historical association of India with neighbouring countries which enjoy today sovereign status must be clear to all and needs no elaboration. India, Burma, Ceylon and Pakistan have so many close connections, cultural, economic and historical, that their interests not only coincide but occasionally merge into those of each other, and yet in the Shipping world attempts have been made recently to divide these interests and to create advantageous positions for certain of the Shipping interests by such division. An extreme form of such an advantage unnaturally maintained is where a Shipping Company which merely undertakes cross trade between ports in countries other than its own excludes an Indian Company from trading with countries so closely connected geographically and otherwise with India. To give a concrete example, India is a member of the Western Italy/India Conference but is not a member of the Western Italy-Pakistan, Colombo or Burma Conference while amazingly enough Shipping companies which are neither Italian nor of these countries, while denying Indian companies the right to this trade, are members of such Conferences. These and other glaring anomalies have to be removed and the sooner Indian Shipping decides to do so the better it will be for all concerned.

INDIAN SHIPPING AND THE PUBLIC

It has not yet been realised by a large section of the public that Indian Shipping of adequate strength and engaged in carrying freight to different parts of the world is an essential pre-requisite for the development of the trade and commerce of the country. Shipping plays a large part in channelling trade and commerce in right directions. It has been my experience that Shipping companies in many countries have been promoted and encouraged not purely for earning adequate returns but even more for the contribution they can make to the trade and commerce of the country. They form, therefore, a vital economic factor in the country's development. Instances can easily be adduced to show that the trade of certain countries has been promoted and that of others has been almost extinguished by the manner in which Shipping companies have plied their trade. If the public were to realise this aspect they would be even more anxious to co-operate in encouraging, fostering and developing Indian Shipping.

I am thankful to many Indian shippers who have appreciated the importance of Indian Shipping and have regularly encouraged us. But I am bound to point out that there are some at least who have failed to realise that they cannot be dependent completely on foreign shipping for their trade and business and that their indifference to getting their cargoes through Indian Shipping or their lack of interest will ultimately affect them adversely. I trust that the Federation of Indian Chambers of Commerce and Industry and its affilliated commercial organisations will make it clear to their members that in their own interests a healthy development of Indian Shipping is essential.

FIVE-YEAR PLAN

The need for the progress of Indian Shipping has, I am glad to say, been adequately realised by the Government and porposals for the target which should be attained for Indian owned shipping tonnage during the next Five-Year Plan have been invited by the Government. Shipping interests are willing to respond to this call and the only request that they have made to the Government is a continuance of loan arrangements on similar terms as exist at present. They have not asked for an operation subsidy nor any kind of discriminatory legislation such as has been proposed and is in operation in some other countries and yet the cry has been raised against Indian Shipping that flag discrimination is resorted to. I have shown in what forms discrimination has been practised or at any rate 'restrictive business practices' have been adopted by the various Shipping concerns. In the political field a great deal has been heard of 'negotiating from strength'. There are serious differences about the wisdom of this policy. But I think it cannot be gainsaid that in the economic field 'negotiation from strength' seems to be the only armour which can adequately protect the interests of a country. I trust, therefore, that Government, the public and Shipping companies, with enlightened self-interest policies, will create a situation where Indian Shipping companies can negotiate from strength and break down the discriminatory and 'restrictive business practices' which are so frequently adopted by vested interests in the Shipping world.

TRIBUTE

Your Directors' Report has rightly paid tribute to the Minister of Transport and to the Secretary and other officers of the Ministry and to the Director General of Shipping and officers connected with that office for the great interest that they have shown in the progress of Indian Shipping and the welfare of Indian Shipping. It is not due to any want of effort or willingness on their part that the critical situation in regard to labour has arisen. Indeed, but for the encouragement that this Ministry and its officers have shown Indian Shipping would not have come forward in the manner that it has done to serve the country and increase its usefulness and capacity.

I should also like to refer to shippers who have patronised us both here and overseas for whose co-operation we are extremely grateful.

Lastly I should like to reiterate that your Company has been well served by all its officers afloat and ashore of all ranks and on your behalf and on behalf of the Directors I wish to convey our thanks to the executive and supervisory staff and to all employees of the Company for their good and enthusiastic work throughout the year.

I shall be glad to answer any questions that the shareholders may wish to ask regarding the accounts.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954 ..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ,, c ..	343.2	441.0	355 6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November ,, c ..	344.2	444.0	348.5	377.0	605.4	376.1	90.3	100.5	88.3	116.0
Week Ending										
27-11-1954	323.4	442.9	347.6	377.2	592.0	371.7	90.3	100.5	88.2	114.9
4-12-1954	316.9	442.0*	348.3	377.9	585.1	369.4	90.3	100.9	88.2	112.9
11-12-1954	318.4	438.4	348.3*	375.1	583.4	368.5*	90.3	100.7	88.3	113.4
18-12-1954	316.3	432.6	346.6	374.3	576.1	366.2	90.4	100.7	88.1	114.2

c Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 November	344	361	280	144	339	453	385	148	353	149	155	144
December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	—	134	—	145	143	—
November	—	—	—	—	—	387	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	1-1-1955			25-12-1954			18-12-1954			11-12-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	88-13	87- 9	88- 7	88-10	87- 10	88- 3	88- 1	87- 0	87- 9	88- 1	86- 10	88- 7
Silver (per 100 fine tolas)	155-10	154- 4	155- 1	155- 6	152-14	153-14	154- 9	152- 5	153-11	154-11	153- 8	154- 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	86,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
April 1954	1,220,24	13,08	1,233,32	40,02	674,15	714,17	57.91	97,81	421,34	1,233,32
May ,,	1,220,26	25,62	1,245,88	40,02	688,15	728,17	58.45	96,49	421,22	1,245,88
June ,,	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	420,35	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	417,75	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
Week Ending										
19-11-1954	1,166,06	21,06	1,187,12	40,02	623,15	663,17	55.86	106,20	417,75	1,187,12
26-11 1954	1,161,89	26,03	1,187,93	40,02	623,15	663,17	55.83	107,01	417,75	1,187,93
3-12-1954	1,182,37	14,33	1,196,71	40,02	633,15	673,15	56.25	105,79	417,75	1,196,71
10-12-1954	1,212,05	13,45	1,225,51	40,02	663,15	703,17	57.38	104,59	417,75	1,225,51
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95
24-12-1954	1,195,62	30,88	1,226,51	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51

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	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
April 1954	64,51	30,52	42,16	45,21	182,41	27,95	220,36	13,35	12,98	78,55	1,21	40,01	65,17	9,09
May ,,	93,14	20,61	43,30	46,10	203,15	28,47	241,62	25,90	10,11	65,23	1,12	57,83	71,91	9,51
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,48	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
Week Ending														
19-11-1954	82,74	14,39	78,55	34,76	210,44	19,83	240,28	21.35	3,43	103,60†	2,32	13,36	87,90	8,22
26-11-1954	78,62	17,79	79,09	34,27	209,77	19,38	239,16	26,40	4,45	97,89†	94	13,20	87,82	8,46
3-12-1954	69,66	11,82	76,29	34,34	192,12	19,51	221,62	14,57	6,06	89,62†	80	14,59	86,99	8,99
10-12-1954	67,80	7,73	65,66	34,59	175,78	23,76	209,54	13,75	7,08	69,40†	2,67	20,37	87,13	9,13
17-12-1954	62,76	11,64	67,57	34,66	176,64	16,18	208,71	26,68	9,13	70.26†	1,92	15,12	76,41	9,19
24-12-1954	62,53	13,72	66,92	34,23	177,41	16,60	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59

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

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as 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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,43
May ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	60,87	62.77	300,46
June ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	58,38	61.32	309,77
July ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	52,83	57.69	314,39
August ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	49,09	56.01	323,14
September ,, ..	525,51	330,22	855,73	31,12	48,48	9.30	422,67	43,68	54.50	331,04
October ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	39,55	53.15	336,85
November ,, ..	525,93	334,01	859,94	32,18	55,21	10.15	414,71	39,76	52 96	338,57
December ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	42,06	53.15	337,21
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77.66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
Week Ending										
28-5-1954 ..	543,23	329,64	872,87	32,73	41,12	8.46	478,37	94,21†	65.60	324,05
4-6-1954 ..	539,45	329,62	869,07	33,42	41,60	8.63	480,44	91,96†	65.86	326,31
11-6-1954 ..	543,30	330,94	874,24	33,19	42,23	8.63	473,09	88,03†	64.18	327,31
18-6-1954 ..	541,94	333,43	875,37	32,40	41,34	8.42	470,47	86,51†	63.63	327,44
25-6-1954 ..	546,80	334,40	881,19	33,02	41,83	8.49	465,64	83,95†	62.37	326,83
2-7-1954 ..	546,35	335,62	881,97	32,18	43,57	8.59	469,82	83,26†	62.71	327,31
9-7-1954 ..	544,05	336,96	881,01	31,60	42,95	8.46	467,30	79,87†	62.11	328,04
16-7-1954 ..	550.19	340,47	890,66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,29	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350,15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55,29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66,02	10.74	463,97	70,28†	57.02	350,09

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

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	October 1954	10 Months Jan.-Oct.	
				1953	1954
Total All Exports	114,717	113,443	6,438	89,897	106,608
Of which :-					
Tea	48,743	51,928	3,188	38,309	47,352
Leather, leather manufactures & dressed furs ..	9,284	14,009	288	12,160	10,875
Tobacco & tobacco manufactures	6,956	5,790	190	5,028	6,320
Hides, skins & fur skins, undressed	540	958	37	845	788
Wool & other animal hair	3,496	4,008	228	3,567	4,341
Cotton	2,297	2,993	195	2,535	2,229
Miscellaneous textile fibres & waste	1,395	629	43	543	969
Metalliferous ores & metal scrap	3,960	4,388	158	3,781	2,556
Miscellaneous animal & vegetable crude materials, inedible	4,364	3,258	309	2,703	3,695
Animal & vegetable oils, fats, greases & derivatives ..	3,573	2,442	223	2,321	1,507
Miscellaneous textile manufactures	16,578	12,736	386	9,833	13,637

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	October 1954	10 Months Jan.-Oct.	
				1953	1954
Total All Imports	112,635	114,491	9,123	94,269	98,175
Of which :					
Machinery other than electric	29,595	27,791	2,147	23,115	23,247
Electric machinery, apparatus & appliances ..	17,138	17,944	1,071	15,420	12,895
Wool & other animal hair	3,293	4,828	442	4,329	4,353
Petroleum & petroleum products	2,509	3,953	274	3,407	4,425
Chemicals	13,426	13,058	1,251	10,687	12,542
Paper, paperboard & manufactures thereof ..	1,923	1,229	94	1,100	1,069
Iron and steel	4,785	4,689	505	3,814	4,998
Non-ferrous base metals	1,631	2,137	108	1,814	1,334
Manufactures of metals	6,329	7,309	372	6,417	4,465
Railway vehicles	5,655	3,758	164	3,187	2,802
Road vehicles & aircraft	9,564	8,758	509	7,127	8,019
Scientific instruments; photographic & optical goods; watches & clocks	1,896	2,206	100	1,841	1,810

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	Octomber 1954	10 Months Jan.-Oct.	
				1953	1954
Total Machinery	46,733	45,735	3,218	38,535	36,142
Of which :-					
Boiler & boiler-house plant	1,458	1,653	111	1,385	1,233
Internal combustion engines	4,511	1,356	156	1,128	1,557
Agricultural machinery	495	151	24	139	160
Machine tools (excluding portable power tools) ..	1,336	1,934	221	1,640	1,671
Pumps	980	856	46	719	617
Industrial & works trucks & tractors & mechanical handling equipment ..	1,024	1,471	137	1,168	1,294
Excavating & earth-moving machinery & road rollers ..	867	528	88	403	510
Mining & well drilling machinery ..	546	519	26	436	398
Printing & bookbinding machinery & printing type ..	628	791	37	723	457
Textile machinery ..	8,668	6,990	481	5,793	5,866
Air-conditioning & refrigerating machinery ..	253	290	23	240	209
Generating sets, generators & motors ..	2,184	2,689	136	2,274	1,886
Converting machinery, transformers, switch gear & switchboards ..	3,321	4,606	302	3,646	3,533
Electronic valves, & radio, television, radar & sound reproducing apparatus ..	2,203	1,485	73	1,376	1,390
Electric cables, wires, strips & strands, insulated ..	5,026	5,034	252	4,678	2,369

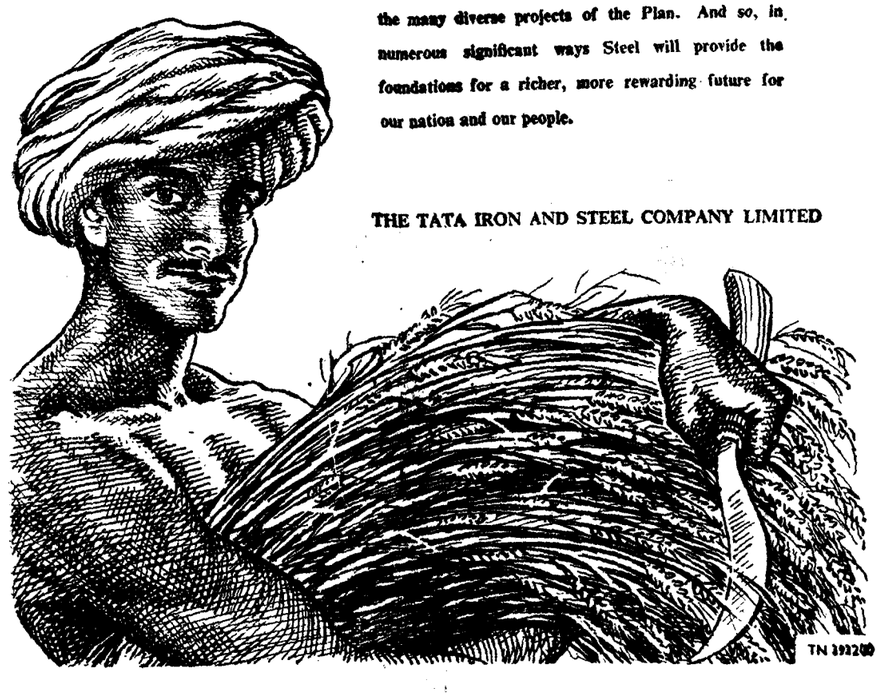
Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

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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. XXIV. NO. 2. NEW DELHI, JANUARY 14, 1955. ONE RUPEE

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A Leader and a Slogan

A NEW President and a new slogan will be the distinctive features of the 60th plenary session of the Indian National Congress at Madras next week. It is unlikely that the proceedings will be much different from those of the earlier Congress gatherings since independence, or of the more frequent meetings of the A.-I.C.C. The induction of the new Congress President has become a quietly arranged affair in contrast to the keen contest for the office witnessed five years ago when Mr. Tandon was elected. The various resolutions for this session which have been drawn up will go through with customary smoothness. The tenor of the speeches on the main slogan of the day—socialism—will not be greatly different from what has already been observed recently in Parliament, where there are other shades of opinion, or in the Congress Legislature Party. Would this Congress session then have no special significance apart from serving the traditional purpose of arousing popular enthusiasm in the particular areas in which the sessions are held? The choice of Madras, which has for long been left too much alone, as the venue may justify an affirmative answer. But that would only be a small part of the immediate problems of the Congress organisation for which answers will have to be found.

These larger purposes would largely remain inarticulate and will not be disclosed in the proceedings. But it is clear that the new slogan as well as the new President have come in response to a need felt for a change in the character and methods of the Congress. It would be wrong to assume that this feeling pervades the rank and file of the Congress. It does not and this is not unusual. In the history of the Congress organisation during the last three decades, reorientations of policy and methods have rarely been a response to an urge from below. That did not seem

inappropriate in the light of its role before independence. The tradition has, however, continued even afterwards. But the transformation of the Congress into an active political party administering the country and seeking the support of a vastly enlarged electorate has greatly altered the conditions of its sustenance in popular favour. The organisational problems at lower levels which largely solved themselves during a phase of nationalist struggle for freedom lay neglected while the upper layers were affected by both the preoccupations and temptations of office. If the political status of the Congress in the country is not worse because of these factors, it is due mainly to Mr. Nehru's personality and leadership and also to the absence of a reasonable or responsible alternative to the Congress.

The elections three years ago revealed how grossly the Congress Party's contacts with the electorate had remained neglected in the regions which mattered most. The period since then has not been utilised to repair that deficiency, though in particular areas like Tamil Nad the position seems to have somewhat improved since. This policy of drift if allowed to continue would obviously affect the general elections of 1957. Even before that larger test is due to come, the Congress is on severe trial in at least two States immediately, in Andhra and Travancore-Cochin. A possible increase in the number of such areas—considering the headaches already caused by these two—can hardly be contemplated with equanimity when the Congress has set before itself the mission of advancing the country's social and economic progress. A new approach has long been overdue. But successful mass contact has seemed outside the reach of the present rank and file, even though the possession of political power would greatly help its accomplishment. In 1951, economic difficulties presented severe obstacles, but today the climate is more conducive to success if there is a new drive.

The object of the two main changes now effected cannot be anything else except that a new effort will now be made. The character and personality of the President who is to serve as the symbol of the Congress-to-be is in keeping with this objective. The selection of any better known leader who has already established a reputation might have proved a source of controversy which could hinder this larger objective. The present choice can be sufficient indication of the desire to show that the Congress leadership would be freed from pressure groups, regional, economic or social, and from the domination of personalities merely living on an earlier reputation without fulfilling a present function. The choice of Mr. U. N. Dhebar is, in spite of his earlier obscurity in all-India affairs, admitted to be eminently suited to provide evidence of the desire to correct recent unhealthy trends. The manner of his choice has, however, been unsatisfactory. It has too emphatically underlined the levels at which major decisions are now made in the Congress Party, depriving to some extent the probable value of the choice to the party if the initiative and support had been left to arise at the intermediate levels.

The same criticism would apply to the new slogan of socialism. It is not necessary to deny that a Leftist slogan has always had a certain amount of political appeal. Except in the areas where the Congress is itself viewed as a Leftist force, the socialist slogan had attracted some support. This was best seen in the South, in Travancore-Cochin and, to a lesser extent, in Andhra. But in the event, the country has by and large refused to be swept off its feet even by the appeal of socialism. The pronounced Leftist vote was less than half the votes obtained by the Congress Party in the 1952 general elections and there is, except in the few special problem States, no sign even now of a general swing towards socialism. Nor have the Congress Party ranks within shown symptoms of such a shift in doctrine. The process of imposing this slogan on the whole organisation from above, therefore, required much stronger justification than has now been forthcoming.

A reason which readily suggests itself is the feeling that since the Congress Party had, in effect, a strong orientation towards Leftist policies and practices, there was no harm in an open avowal of it. There was always advantage to be gained by disarming the criticism based merely on the lack of acceptance of the socialist goal. In the last three years of parliamentary government, the Socialists had rarely succeeded in convincing the country that a desirable and practicable alternative policy existed on the major problems of foreign relations, economic planning or advancement of social welfare. Their criticism has been vague and at best had urged land nationalisation unhindered by compensation questions besides other kinds of nationalisation and controls. The Congress Government at the Centre has now shown itself ready to go very far even in this matter and the Constitutional Amendments when enacted would conclusively demonstrate it. There has remained nothing wanting except the name to give the final refutation to the Socialist attack and it was a temptation too good to be resisted at this juncture.

There is already some indication of the consequences of this step in the decision of the All-India Forward Bloc to merge with the Congress. It is difficult to predict how far this process will go. The separate parties which now have an electoral alliance in Andhra may cease to have reason for preserving their distinctions which are not based on differences of principle or ideology. It is not unlikely that the precariously perched PSP Ministry in Travancore-Cochin would also feel likewise, the more so because the Ministry has been barely tolerated by the general body of the PSP. Will this process of assimilation go too far so as to weaken most of these smaller groups until there is increasing polarisation between the Congress and the Communists? If so, it is an outcome which cannot be looked upon without some disquiet. Two consequences may possibly follow such developments. The Congress may again become as heterogeneous as before with radical differences among internal groups arising merely out of interpretations of the content and practices of socialism. If splits occur in future, they may prove to be more serious than those which occurred in the past. Secondly, the appeal of Communism merely as an alternative to the dissatisfied voter may increase. A less serious but undesirable third possibility is that of Congress being strengthened so considerably as to preserve the present defects arising out of lack of criticism within. The indefinite continuation of existing steam-roller methods in legislation and debate, especially on matters concerning the personal liberties, is hardly fair to the democracy through which the socialism is to be attained.

The new slogan cannot, therefore, prove an unmixed good. It is difficult to say at the same time that by itself it will galvanise the people or infuse fresh blood and restore vitality to the Congress structure. Even if it can assimilate fresh elements it cannot promise cohesion; nor is it a substitute for the creation of an organisational network at the primary level which would draw its strength directly from the people and feel their pulse better. Mr. Dhebar is a worthy symbol if unobtrusive and selfless work is to be encouraged. But whether he will be equal to the task of spreading his example at all levels of the Congress remains to be seen. These are the more fundamental aspects of the Congress Party's future which are unlikely to come up for consideration next week.

President Eisenhower's New Deal

THE 84th Congress of the United States which assembled last week to hear President Eisenhower's messages on the State of the Union and on Foreign Economic Policy did not listen to any new formulation of American policy. These two reports contained much of the substance of the policies already heard so often before. Indeed, it was inconceivable that any President would substantially change his approach midway through his term and chart for himself a new course. But the established policies of the last two years have been restated in altogether fresh terms, and it is believed, in generally more distinct outlines. The change in the composition of the Congress had perhaps much to do with this spirit of hope which is now being read into the old policies. Even during last year, the President was slowly, but surely and steadily, gaining the initiative on major policies. Clashes with Right-wing Republicans became inevitable in due course, and Senators Knowland and McCarthy became openly critical of the President. If that had continued, there could hardly have been the atmosphere of optimism which exists now. If the chairmanships of Congressional Committees had rested with the old group, the hostility to the President's policy which was becoming evident later in the year might have been intensified for a programme of the kind now presented.

The second half of President Eisenhower's term now promises to become more purposeful than the first, because of this change. The gap between formulation and implementation may be less wide because of the offers of co-operation—or at least the denial of any intention to withhold it—by the Democratic leaders. It is, however, unlikely that a Democratic Congress would at any time make itself vulnerable through the support of policies which Republicans would be able to exploit to their advantage in the next Presidential election year. The first shots for the 1956 duel have already been fired in the announcement this week of the dates for the Democratic and Republican Conventions. The conduct of the leaders will be largely conditioned by their preparations for these events of the next year. So, even if the Democrats do not choose to exercise the initiative which they have by virtue of their majority, they can hardly be ready to put themselves in the wrong by hindering the President's programme or by exclusively supporting controversial measures on which the Republicans would stand aloof. This is a time-honoured tradition. But there will not be "paralyzing indecision" as before; President Truman's verdict on the 80th Congress is not likely to be repeated for the 84th because the situation is now exactly in reverse.

The President's new programme is characteristic for the very large volume of domestic legislation contained therein. There are hardly any new things to say on the question of foreign relations and defence in their political aspects. The frequent attempts to divert too much interest to certain controversial aspects of these policies had in the past not only hindered domestic policies but had also complicated the work of the Administration in the formulation of consistent policies, understandable abroad. The change in emphasis to the internal programme may succeed in transferring much of the controversy to the domestic sphere, making relations with foreign countries less exposed to party politics. But the domestic programme is also meaningful in itself, in the context of the need for maintaining economic stability which is its chief goal.

The economy is again buoyant in spite of the grim prophecies of a year ago. New cushions against economic recession have now been suggested in the large public works programme and schemes which, under normal conditions, a Republican administration might have derisively called socialist or "welfare" measures. The Democrats can well see in all this much of their New Deal except the name. The public works programme cannot, in practice, be greatly different from the pump-priming Democratic policies which the Republicans had attacked as inflationary and destructive of the real value of the dollar. Nor can the co-ordination of the Federal, State and local public works through an officer to be added to the White House Staff mean very much other than a centralised planning agency which Right-wing American Congressmen have tended to distrust at home and discourage abroad. The President has also clearly stated that more tax cuts—a Republican slogan—are precluded this year.

By existing yardsticks for a Republican President, this indeed is a radical programme and much of its social philosophy, which is not new to the United States Government, seems to be personal at the moment to the President. Only recently did the President find himself compelled to repudiate that he had advocated "socialised medicine"; while reiterating this rejection, there is now presented a plan for a co-ordinated programme of health services which can mitigate the cost of these services and fill the serious gaps and shortages therein. Neither on this nor on the positive plan now promised to remedy shortages of educational facilities and of low-income housing, can doctrinaire opposition to the President be expedient. Much of this "human affairs" programme would provide testing time to Congress; to many Republicans it would be anathema and to the Democrats it means the taking over of the political philosophy which has been their daily bread. Though it vindicates the Democrats, it deprives them of the slogans for the election year.

President Eisenhower's later message on the legislative requirements of economic policy is much in the same strain. The President has sought the extension of the Reciprocal Trade Agreements Act for a three-year period with authority to negotiate tariff reductions with other countries, cutting tariffs by as much as 15 per cent during this period. The climate seems favourable in the present Congress for the three-year extension; the actual percentage of tariff reduction specified may prove more controversial. These reductions will only be "gradual, selective and reciprocal" and not more than 5 per cent a year. They will be further subject to the peril and escape clause provisions. Tariff rates in excess of 50 per cent are to be reduced to that level, after multilateral and reciprocal negotiations. These are all not by any means very radical and seem only the minimum which other countries have sought all these years. But the case of Swiss watches is an example of how tariff policies are usually distorted by political necessity and only cautious optimism will be justified.

President Eisenhower's foreign programme of inducements to investors may have brighter prospects of Congressional approval. Private investors may not be particularly attracted by the exhortation to develop underdeveloped countries. Marginal increases in the flow of investment may be possible because taxation of business income from foreign subsidiaries or branches are proposed to be held 14 percentage points below the corporate rate on domestic income. Taxation will also be deferred until the income is removed from the country where it is earned, which will be an inducement to plough back such income into investment. Thus a very large number of constructive proposals—marking the transition to peace-time—have been chalked out and the 84th Congress has been offered a real opportunity to make a positive contribution.

Progress on the Railways

THE operational performance of the railways has always merited such close vigilance that the Railway Board would do well to adhere to the practice now started of giving periodic publicity to the trends in the working of major sectors. A new peak in wagon loadings since partition has been reached judged on the basis of the performance during July-November, 1954. Even in this limited context, the peak does not mark any substantial advance, the excess over the identical period of the previous year having been only about 5 per cent. The most pertinent feature about this specific period, however, is the fact that neither any particular significance in traffic activity nor any representative character as a base for comparison attaches to it. If anything, only the last month coincides with the busy season, while the rest of the period covers a spell of low pressure on freight capacity. In one strategic point, however, positive improvement has been recorded and it shows progress. Coal movements beyond Moghalsarai to consumer destinations were better than in 1953 by a daily average of 120 wagons. For a correct estimation of the adequacy of freight transport capacity offered, freight wagon loadings is too unsatisfactory a measure and real assessment must be sought in ton-miles operated. Their figures are not available at the present moment and in the absence of these it would hardly be proper to draw categorical conclusions. The precise position in relation to the supply and demand for transport capacity during the relevant period is far from clear, as the information furnished suffers from the omission of the volume of traffic awaiting clearance at various centres.

This is not to suggest that there has been a complete lack of improvement in organization or in actual operations. One of the primary handicaps to higher levels of efficiency on the railways is the inadequate utilisation of freight stock, resulting from the absence of imaginative planning to conserve capacity and maximise train movements. There has generally been a disinclination to tackle the recurring problem of wagon shortages with an unorthodox approach and remedies adopted have often proved mere palliatives. It is heartening to find that this tradition is being successfully broken by application of novel methods. The whole scheme of wagon movements from transhipment points at the junctions has been rationalised and priority for the introduction of this scheme has been given to the northern region where delays have tended to add to the difficulties of transport.

Transhipment of traffic at congested junctions has been arranged on a new basis of demarcation of clearly defined zones to be served by each junction with the specific object of eliminating cross-movements to the minimum. This has helped to accelerate the circulation of wagons in a restricted area and another gain secured is reduction in the load on the metre-gauge where the stock situation is normally tight. Readjustment in the routing of traffic has been planned in the direction of the movement of empty wagons so that the wastage of capacity on this count has been reduced. These measures of rationalisation have apparently secured greater availability of space and the next bold step that the Railway Board is about to take is the introduction of express goods trains to run according to prescribed schedules for urgent long-distance traffic touching Bombay, Madras, Delhi and Calcutta. Transhipment at junctions or at break-of-gauge has become quicker at several points. Here the average rate of wagon transhipment has been stepped up.

This modest achievement in improved operations cannot be permitted to slacken the need for vigilance as the persistence of bottlenecks on several sections of the railways comes as a sharp reminder of the wide gap which continues to exist between transport capacity provided by the railways and the increasing pressure of traffic. The prevailing notion that shortages are confined almost entirely to the metre-gauge lines has been flatly contradicted by current experience. Booking space is not available for part of the traffic intended for broad-gauge destinations on the Central, Western, Northern and Eastern Railways. But the state of affairs on the broad-gauge section of the Southern Railway has shown considerable deterioration since a few months past. At the present time, stocks of rice and iron ore are mounting up there. These cases cannot be brushed aside as purely casual. The metre-gauge has always had a raw deal in respect of rolling stock and the rate of replenishment continues to be tardy in spite of the programme of intensive rehabilitation undertaken about five years back. Large sections of metre-gauge lines on the Western Railway typify stagnation at its worst.

The higher levels of traffic attempted by the railways and the actual measure of achievement of better performance certainly do not bear a reasonable relation to the increasing volume of freight traffic. The stalemate on the metre-gauge lines and the recent setback on the broad-gauge sections need to be interpreted in the light of the sharp upward curve in the interim index of industrial production (base 1946=100). The index moved to an all-time peak of 152 in September last, while the average index of 143.7 for the first three quarters of 1954 shows striking improvement of 8.4 of expansion which is under way in industrial activity stands in danger of being slowed down by the tardy response of rail transport.

The risks involved in preoccupation with problems concerning the short-term prospect require no emphasis. The Railway Board is conscious that locomotive stock is the primary cause of the inadequacy of the capacity of the railways to carry all the traffic offering, subject, of course, to a marginal volume which normally has to wait for wagon space. During April-October last, deliveries of new locomotives and wagons have taken place at a relatively high rate. But their flow apparently cannot be expected to be even and since they are intended for replacement the net additions are bound to be small. The long-term outlook sets the situation in the real perspective. The total addition of 1,611 locomotives which is scheduled to be made by the end of the period of the present Plan, would reduce the number of engines that were overaged at the beginning of the Plan to 943. But stock becoming due for replacement in the meantime is estimated to swell the number to 1,985. No short-cut solution is possible for this basic handicap. So long as it persists, conservation and greater utilisation of the stock in service must be ensured. Continued use of old engines, however, implies greater frequency of repairs, but if the consequent trend towards increasing shortages is to be discouraged, the period of immobilisation of engines in workshops must be reduced to shorter periods. It will be a matter of great interest to learn how far the investigations of the Railway Workshops Committee will facilitate this task.

THE WEEK'S NOTES

CONGRESS AND THE CONSTRUCTIVE PROGRAMME

Press versions of the report of the Constructive Work Committee of the Congress indicate that it has been sufficiently outspoken in assessing the evils that have crept into the Congress organisation in the last few years. The members of the Committee appear to have been agreed that the Congress has not organised itself as a well-knit political party and that it has failed to evolve a consistent ideology. The elections were fought in a manner which left the people confused on details. The criteria for the selection of candidates were never clear. Where caste or communal appeal could succeed, there was no hesitation in nominating candidates on that basis; and a major consideration was the capacity of the candidates to finance themselves. The result was a great decline in standards and in the public estimation of the representatives of the Congress. A second consequence was the internal conflicts among cliques over securing positions of power—a situation which has led to the frustration felt by the more unobtrusive and long-standing members whose numbers have greatly declined.

The task of repairing the damage that has been caused by the new pre-occupations of office and electioneering should have started long ago. It is better that it starts late than never. The community development projects have shown, for example, the vast scope that exists for constructive work not only for Congressmen, but for all other political groups which are capable of placing patriotism above party and are actuated by none other than the highest motives about the country's progress. But if a constructive workers' wing should be developed inside the Congress party, it would be essential, as the Committee has pointed out, to reduce the gap between the emoluments and perquisites of those in office and those who are not. This will naturally displease the fair-weather friends of the Congress, whose numbers are now increasing and whom the organisation needs either for their special abilities in particular fields or at least to correct the defects arising out of too much pre-occupation with ideology in its generalities without much practical experience of organisation or technical grasp of the problems. Obviously, the holders of office cannot be allowed to form a new caste in place of the existing higher castes, which are now being shaken up at their foundations.

The Report, however, makes the mistake of believing that dramatic or high-sounding ideological cries are needed to rouse enthusiasm. The doctrines have to be linked to what is practicable; otherwise the disillusionment may be greater than it need be. It is a wrong diagnosis to lay stress on the fact that a "radical" programme—whatever it may mean—would commend itself to the people very long.

A PUZZLING MISSION TO PEKING

The whole world has been kept guessing about what precisely was the significance of the description of the Peking talks between the Chinese Premier and the U.N. Secretary-General as "useful". One section of opinion would go so far as to admit that even if there was no agreement on the release of the American airmen, the Secretary-General's pilgrimage to Peking highlighted the sheer futility of the obstinacy in refusing to admit Peking's representatives into the United Nations. The extreme opposite view would be that unless the airmen are released without conditions and possibly also in a mood of extreme penitence, Chinese professions should be held under suspicion. It is quite possible that Mr. Hammarskjoeld has brought back counter-proposals or alternatively that he has been assured about the safety of the prisoners and their eventual release, the time and manner being decided at Peking. A negative conclusion is that in spite of prolonged talks, there was no deadlock visible, that the decision to agree to a communique was itself a great advance and that the description of the talks as "useful" was better still. Whether Peking was culpable of illegal detention or not, some credit has now been given for the fact that in spite of the ex-parte condemnation by the United Nations, there was readiness to receive the Secretary-General and discuss the issues at such great length.

The puzzle lies in the words "reference was made at the same time to questions pertaining to the relaxation of world tension" and in the hope expressed to continue the "contact". This cannot certainly refer to the indefinite continuance of the talks over the airmen, important as they are; and if other subjects have to come in, the discussion is unlikely to serve a useful purpose without a solution of this latest controversy. Thus there may be fresh proof of the profound truth in the saying that there is some soul of goodness in things evil, because the airmen incident may lead to some positive good.

AN ELEVATING ADDRESS

Mr. C. Rajagopalachari's address to the Nagpur Convocation contained, as was only to be expected, unique advice on the more fundamental values concerning education and life which have become rare themes in the convocation addresses delivered by those more preoccupied with their particular fields of work. There was here revealed the "most lofty idealism with the vigorous realism" which the University's citation for the doctorate honoris causa had described a little earlier. He pointed out the defects of according equal treatment in education to children who are not equally placed in their domestic surroundings. The general craving for soft jobs was attributed by Rajaji to "the gradual atrophy of the life-instinct for manual work". This is not merely a problem of education but a large social problem too. The tyranny of examinations and the isolation of pupils from the happenings around them are more ancient themes, on which very little has been attempted by our educationists till now, and Rajaji dealt with them in his characteristic manner.

On the more elevating theme of God and religion which have been particularly near his heart in the last few years, Rajaji's exhortation was full of wisdom and touching in its style of exposition. The theme has become less common at such gatherings because while the neo-rationalists have become indifferent, the old apologists have declined in numbers or are too overzealous to be effective. Rajaji has stood apart and during a life-time practice of secularism combined with a deep faith in religion and God, he has done much to spread the fruits of the ancient search for wisdom. He revealed before the Nagpur graduates and the wider audiences outside, the perspective in which God and religion should be placed along with economic progress or with political and cultural achievement.

A VACUUM IN CONTROLS?

Press reports have conjured up a picture of the Government of India being left helpless when the Essential Supplies Act and rules and orders thereunder expire on January 26 next, when the powers conferred by Article 369 of the Constitution will lapse. The Constitutional Amendment enacted at the last session to place the powers of control of trade and commerce in the concurrent list of legislative powers has not yet been ratified by half the number of States as required

in the Constitution, though only one State has to ratify it now to make up the nine required. Before the ninth State can fall in line—all State legislatures will be in recess for some time to come—the present legislation will lapse. There is nothing disastrous about the lapse, since that would be creating, albeit temporarily, a situation which was envisaged by the Constitution makers as well as by the critics of the recent amendment. In a phase during which the emphasis has been removed from price or distribution controls, nothing can happen which will dislocate the position.

It is, however, unlikely that the position would be left there by the Central Government which even now has all the powers of price and distribution control in respect of the major industrial products. There are nearly 50 industries in the first schedule to the Industries (Development and Regulation) Act which can be controlled under Chapter III-B of the Act, so as to include within such control goods of the same categories imported from abroad. This will only leave out the raw materials like cotton, jute, sugarcane, and food grains in which a Central policy will not be possible except by influencing the States. The regulation of these commodities will, until the ninth ratification is forthcoming, be a State subject and in cases of real necessity the State or States concerned can enact by ordinance the required measures. There is an opportunity now to approach the whole problem afresh and draft fresh legislation which will replace that wild undergrowth of orders and rules under the Essential Supplies Act, which was a lineal descendant of the Defence of India Rules.

PUBLICITY FOR DEVELOPMENT

In an age of publicity, the Information Ministers who gathered in New Delhi last week to think of various ways of publicising our national reconstruction in all its phases, had a relatively easy assignment to fulfil. The Planning Commission has agreed to an expansion of the broadcasting network and a programme for setting up community receivers in the rural areas with a Central subsidy. District Information Centres will be set up for the sale of Central and State Government publications and the Community Projects Administration will open about 200 centres this year and 500 centres next year. There will also be information centres in the State capitals. Between them, these new centres should be able to multiply the facilities for the knowledge about Government's policies and schemes. A substantial work of publication in the regional languages, in proper translation is involved and any attempt to force the pace may lead to the hasty production of crude propaganda pieces.

A much healthier development would be the utilisation of the film medium for such publicity, not merely because of the low level of literacy but also because visual aids are more effective when there is reluctance or indifference in reading books and pamphlets. Large numbers of people can be taught in a short space of time through a film reel which is effective in its dialogue and song, than through books, however well-written. The utilisation of the radio would stand on a different footing, because while books and the cinema can be limited to those who can profit by them, the radio cannot and it would be undesirable to make it a vehicle of all Government propaganda without injustice to a substantial section of listeners who pay licence fees. The Government of India's offer to share the cost of community receivers with the State Governments would relieve the latter of an important item of welfare expenditure. It would be desirable that as much scope as possible be given to private efforts of the film industry, radio manufacturers, publishers and authors who are not too much identified with the official points of view.

'WAVE MECHANICS' IN THE JAPANESE METHOD

Dr. Punjabrao Deshmukh, Union Minister for Agriculture, has this week celebrated with optimism the anniversary of the introduction of the Japanese method of rice cultivation. The first steps were taken in January, 1953, and the response, as he described, was "splendid". In the agricultural season of 1953-54 the experiment with the Japanese method (with ammonium sulphate given on loan to the cultivators) was made on 400,000 acres and the average yield realised on these is now claimed to be 3,302 lbs. per acre (=38.72 maunds). A ton and a half per acre is a striking increase. The average yield per acre over the whole country in 1952-53 was only about 700 lbs. or about 22 per cent below the average yields obtained here quite long ago. In the current year, the area under this method is expected to increase to over a million acres, yielding perhaps, about 1.5 million tons. Meanwhile, it is reported that new ideas have come up and that a "wave-shaped" rice cultivation method has been received which has shown progressively higher yields with more and more spacing (with a spacing of 18" x 4" the yield was 5,424 lbs., with 30" x 2½" it was 8,532 lbs. and with 42" x 2" 10,184 lbs.)

The experiments have to be extended further and it is heartening to see the Agriculture Minister's enthusiasm for making similar experiments in other grains and commercial crops. He has not been deterred by the false fear that as a result of such increase of rice production he would be saddled with a problem of surpluses and price supports. There are obvious limitations to the extension of the full Japanese method in the limited fertiliser supplies. Even when the production of these is expanded through increased local capacity and imports which are not now easily obtainable, the regular use of fertilisers would be possible only in irrigated areas or in places where there is steady rainfall spread over the year. The irrigation projects are thus linked with these experiments. But there may be other half-way houses to progress. Even without the use of chemical manure, better spacing and seed selection and treatment may yield much better results than now. The conditions of all success, —tenacity and enthusiasm—seem to be available in plenty in the Agriculture Ministry to organise this campaign on the scale needed to achieve permanent gains.

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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 7th February, 1955, at 3-30 P.M. for the purpose of receiving the Directors' Report and Auditors' Report, passing the Accounts for the Half-year ended 30th September, 1954, declaring dividends and transacting such other business as may be brought forward before the meeting.

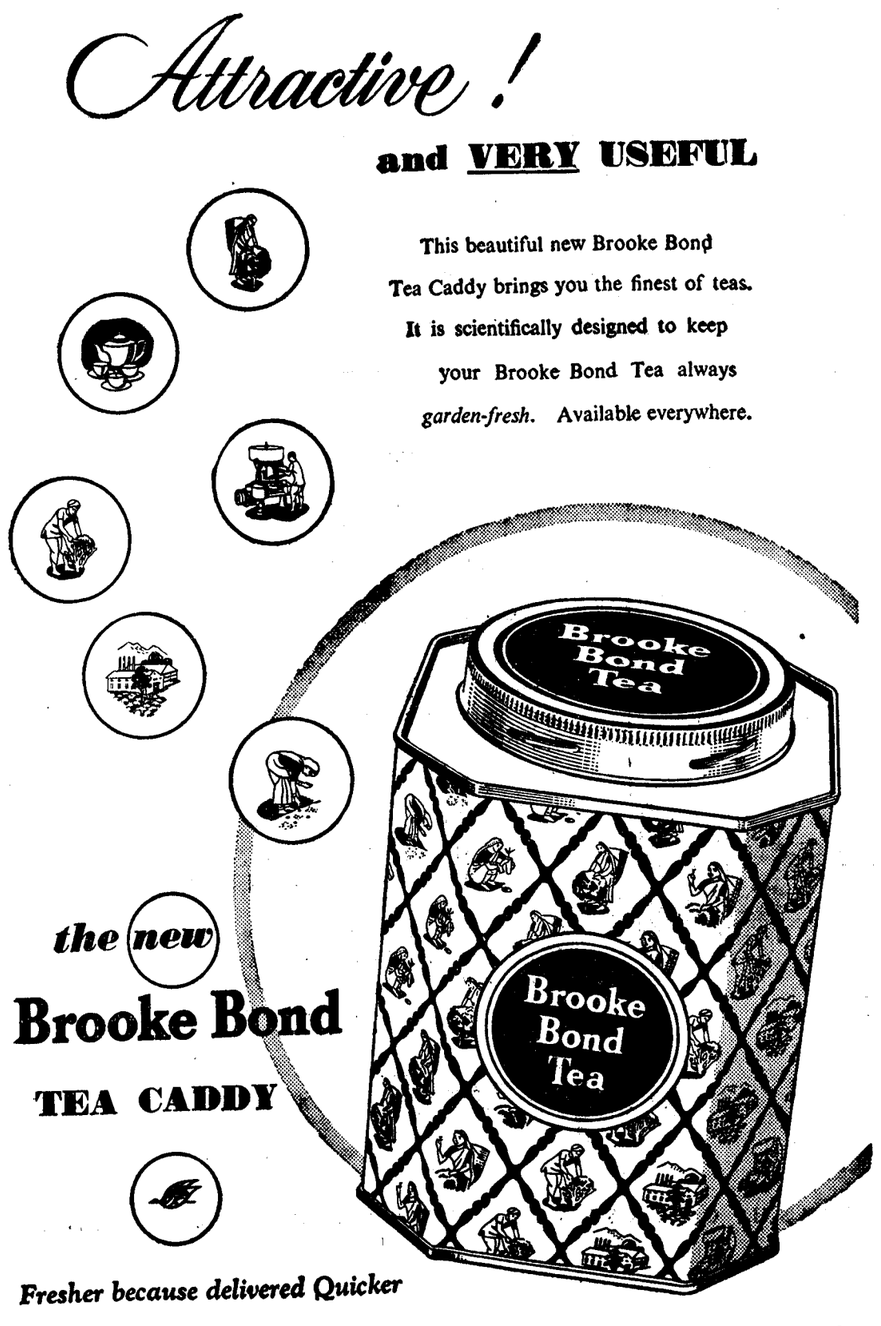
The Share Transfer Register of the Company will be closed from 25th January, 1955 to 7th February, 1955, both days inclusive.

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WORLDGRAM

AGRICULTURE

Agricultural Crops in Holland: The Netherlands Central Bureau of Statistics in a provisional report indicates the following figures for production of agricultural crops during 1954 (in '000 tons; indicating in brackets the corresponding figure for 1953): Wheat 404.3 (248.8); Rye 504.4 (430.7); Barley 207.8 (279.1); Oats 463.7 (483.6); Rippled flax 164.3 (138.7); Potatoes for human consumption and for fodder 2,999.7 (2,762.2); Industrial potatoes 1,171.0 (916.8) and Seed onions 114.0 (231.1).

*

New Wheat Zone in India: The Government of India have decided to form with immediate effect another Free Wheat Zone comprising the States of Uttar Pradesh and Bihar. Wheat and wheat products will now move freely between Uttar Pradesh and Bihar, but their export outside the Zone will not be permissible. The State Governments have been asked to issue necessary notifications to this effect.

*

Poppy Cultivation in India: Poppy is cultivated at present in the States of Madhya Bharat, Rajasthan, and U.P., and to a small extent in Jammu and Kashmir State for the preparation of opium. In Tehri Garhwal of Dehra Dun District of U.P., it is cultivated for the production of seed also. Punjab and Pepsu allow production exclusively for seed, while its cultivation is entirely banned in the Himachal Pradesh.

INDUSTRY

Second Plant for Production of DDT in India: The DDT plant being built in Delhi with the assistance of UNICEF is likely to be commissioned shortly. The plant has a capacity of 700 tons per annum which may later be expanded to 1,400 tons. The Government of India is considering the establishment of a second plant of 1,400-ton capacity. The States are being consulted regarding the location of the plant. The joint annual output of these plants at 2,800 tons is expected to meet the country's immediate requirements.

*

Development of Small-Scale Industries: The Small-Scale Industries Board proposes to set up model workshops and five industrial estates during 1955-56 for the development of small-scale industries. Improved tools and techniques are to be introduced widely in dispersed industries such as carpentry, blacksmithy, pottery, tanning and flaying. The industrial estates will develop land, construct workshops and buildings required for small-scale works, arrange power, water and other supplies. Special assistance is to be given to furniture making, footwear, cutlery, glassware, lock and cycle parts and sports goods, to enable the reduction of costs and improve quality of production.

*

The French Textile Industry: The French Union of Textile Industries has published figures relating to the French textile industry during the first nine months of 1954. Textile goods show an overall increase of 8 per cent as compared to 1953; the improvement being mainly in yarn which has found a good foreign market. Artificial silk yarn shows an increase of 13 per cent, cotton 12 per cent and wool 9 per cent. Finished cloth shows an average increase of 5 per cent (cotton goods, 11 per cent and silk 8 per cent). Exports of cloth to Switzerland and Belgium show increases of 30 per cent. The jute industry's production during 1954 is estimated at 92,000 tons as against 91,600 tons a year before. Finished jute materials are expected to total 72,000 tons.

*

Rise in U.K. Oil Tanker Construction: According to estimates released by the Petroleum Information Bureau, the total tonnage of oil tankers completed in the U.K. during 1954, will amount to some 750,000 gross tons of which well over a third will be for foreign owners, as against 700,000 gross tons during 1953. The importance of these orders to shipbuilders in Britain is indicated by the fact that tankers account for 50 per cent of the total tonnage completed in U.K. yards—estimated at approximately 1,500,000 gross tons in 1954.

*

Silver Refinery Plant in India: The first instalment of equipment required for setting up the Silver Refinery Plant in India had already been received and the second had been shipped while the third and last is expected to be shipped by the end of January 1955. The civil engineering work of the project had been entrusted to the Central Public Works Department and the plant work had been given to a private firm, Messrs. Sepulchre Bros. (India) Ltd. in accordance with the agreement executed with Messrs. Demag Electro Metallurgic of Germany. The installation of the plant will begin on completion of the building work.

*

Indigenous Source of Sulphur Found in Bihar: The Geological Survey of India has discovered pyrite deposits having 43 per cent of sulphur content in two areas of the Shahabad district of Bihar. India's total requirements of about one lakh tons are imported at present. This amount is equivalent to about 137,000 tons of Shahabad deposits of pyrite. The pyrite deposits of Shahabad occur at the base of the vertical scraps of the Upper Kaimur sandstones.

*

Nahorkatiya No. 5 Proves a Failure: Nahorkatiya No. 5, the latest deep well to be drilled on the main Digboi oilfield in Assam is reported by the Assam Oil Company to be a failure. Drilled to a depth of 10,945 feet through layers of sandstone rock the well failed to yield any sign of oil; only water-bearing rocks were found. Operations at the well have ceased and the drilling equipment is being removed. This result indicates that the extent of the oil-bearing area to the south of the originally discovered well is much less than was expected. This is the first failure in the region. Drilling on well No. 6 is reported to have been begun.

*

Sugar Production Target for Second Plan: The sugar production target of 22.5 lakh tons per annum during the second Five-Year Plan has been accepted by the Development Council for Sugar Industry on the recommendation of one of its sub-committees. The Council in its second meeting suggested that the target should be achieved by installing an additional production capacity of 5 lakh tons. The revised price differentials for different grades of sugar recommended by another sub-committee were also accepted. The Council endorsed the recommendations of a sub-committee that experts of outstanding ability should be appointed under an extension scheme for improving the working efficiency of a large number of mills. An expert committee for examining the question of adopting a standard method of cost accounting of sugar factories was set up. The question of grouping factories on the basis of their capacities and process of manufacture was also referred for investigation to this committee. The standardisation of methods of chemical and technical control followed in sugar factories is being referred to an expert committee.

*

Three More State Enterprises in India: Three private limited companies called the Hindustan Cables, Ltd., the Hindustan Antibiotics, Ltd., and the Hindustan Insectisides, Ltd., have been formed to run three State enterprises, manufacturing telephone cables, penicillin and DDT. The Hindustan

Cables Factory situated at Rupnarayanpur, close to the Chittaranjan Locomotive Works in West Bengal was built at a cost of Rs. 1.30 crores and has a capacity of 470 miles of telephone cable per year valued at Rs. 1 crore. The factory's capacity will be extended to meet the growing needs of the P & T Department in India. The **Penicillin Factory** at Pimpri near Poona has been built at a cost of Rs. 1.80 crores and is to produce initially 3.6 million mega units later rising to 15 million mega units per year. The **DDT Factory** at Delhi estimated to cost Rs. 40 lakhs is designed to produce 700 tons of DDT annually.

FINANCE

UNESCO Budget for Cancer Research: The UNESCO Programme and Budget Commission have approved allocation of funds to undertake international basic research in physics, chemistry and biology with a view to assisting research on cancer. The International Council of Scientific Unions, which includes 11 scientific associations in 55 countries, gets grants totalling $380,000 for 1955-56, and a further annual $20,000 if money is available. Other grants are to the Council of International Organisations of Medical Science, $36,000; The Union of International Engineering Associations, $24,000; the International Union of Biochemistry, $3,000 and the Secretariat of the International Geophysical Year, $20,000.

*

Yugoslav Economic Plan for 1955: The Yugoslav 1955 Economic Plan presented to the People's Assembly envisages an increase of between 14 and 31 per cent in industrial production over 1954 (Iron and Steel 33 per cent; Non-metals 32 per cent; Chemicals 28 per cent; the Electric Industry 26 per cent and Petroleum 19 per cent. Employment is to increase by 60,000 and agricultural incomes to increase by 12 per cent over 1954. Consumption of fertiliser is to be expanded from 280,000 to 440,000 tons. Total investment during 1955 will be 351 billion dinars or roughly 7 per cent less than in 1954. Investment credits for agriculture and industry will be 83 billion dinars. A reserve of 45 billion dinars will be created during 1955, towards the stabilisation of the market. The price level is to remain the same while a rise of 8 to 10 per cent in salary levels is envisaged during the year.

*

OEEC Report on Italian Economy: The Organisation for European Economic Co-operation in a report on the problems of Italy's economy during 1953 and the first half of 1954 remarks at the progress made in farm production, which shows an all-round increase of 9 per cent. The increase in farmers' incomes and the U.S. offshore procurement orders coupled with (6 per cent higher than 1952) exports have brought about a 10 per cent increase in industrial production. Investments have remained high; and prices of raw materials continue unchanged, though agricultural produce and manufactured articles' prices increased 4 to 6 per cent. There has been a surplus of $61 million in the balance of payments with the dollar area, and a deficit of $261 million with OEEC countries. The total deficit has thus decreased from $305 million in 1953 to $189 million in 1953.

TRADE

Export of Scottish Tweeds to 30 Countries: During 1954, exports of tweed from Scotland have been worth over £10 million, and the industry has orders placed from over 30 countries. The trade reveals itself as a substantial dollar earner with some 56 per cent of shipments going to USA, and 36 per cent to Europe.

*

Treaty of Commerce between India and Iran: A treaty of Commerce and Navigation between the Governments of India and Iran was recently signed. The treaty regulates on a reciprocal basis the rights and obligations of nationals of either country in the territory of the other in such matters as carrying on of lawful avocations, the acquisition and disposal of property, laws of taxation, succession, commercial enterprises and facilities regarding shipping.

*

Import Surplus Doubled in Sweden During 1954: Total imports by Sweden during January-November 1954, amounted to Kr. 8,261 million (£570 million) and exports to Kr. 7,405 million (£510 million) leaving an import surplus of Kr. 856 million (£59 m.) as against Kr. 439 million for the corresponding period of 1953. Out of the total increase (Kr. 461 million) in exports during this period more than one-third was accounted for by deliveries of vessels, while timber, pulp and paper accounted for 41 per cent of the overall value. Imports in this period exceeded those of 1953 by Kr. 878 million, of which more than one-fourth is attributable to increased imports of vehicles and accessories, which totalled Kr. 638 million (83,569 cars) as compared with Kr. 414 million (47,611 units) during the corresponding period of 1953.

*

Export Duty on Black Pepper: The Government of India have reviewed the export duty on black pepper and have decided to reduce it from 30 per cent 'ad valorem' or Rs. 65 per cwt., whichever is lower, to 15 per cent 'ad valorem' only. This reduction comes into effect immediately.

*

Export Duty on Groundnut Oil: The Government of India have decided to release a further quantity of groundnut oil for export. Bonus quotas will be given to established shippers for quantities equal to actual exports made by them between November 4, 1954, the date on which the duty on groundnut oil was reduced, and January 20, 1955.

*

Export Duty on H.P.S. Groundnuts: The Government of India have decided to step up with immediate effect the export duty on H.P.S. groundnuts from Rs. 150 per ton to Rs. 300 per ton. A further quantity of H.P.S. groundnuts has been released for export; established shippers will be granted a repeat quota on the basis of 40 per cent of the total shipments of H.P.S. groundnuts effected by them to all destinations during any one of the calendar years 1951, 1952, or 1953. A small quantity has also been earmarked for export by established shippers of groundnuts during 1949 and 1950. These shippers are advised to establish their performance in 1949 and 1950 with the port authorities by January 27, 1955.

MISCELLANEOUS

Expansion of Leprosy Control Scheme: An additional sum of Rs. 14 lakhs has been provided by the Union Ministry of Health in the Five-Year Plan for expanding the Leprosy Control Scheme. This brings the total provision to Rs. 30 lakhs and increases the number of centres under the project from 10 to 25. Pilot projects for the control of leprosy involve an expenditure of Rs. 16 lakhs distributed over 1954-55 and 1955-56. The scheme has been formulated to study the effect of mass sulphone treatment in the control of leprosy. Ten centres have already been sanctioned under the scheme, of which four are in Madras, Madhya Pradesh, West Bengal and Uttar Pradesh. The remainder are in Bihar, Bombay, Assam, Orrisa, Vindhya Pradesh and Saurashtra. A Rs. 39 lakhs grants-in-aid scheme has also been drawn up by the Ministry. Grants are to be made to tuberculosis, leprosy and other institutions. During the current financial year a grant of Rs. 9 lakhs will be distributed among such institutions and the remainder will be carried over to 1955-56.

NEWS IN BRIEF

INDIAN

According to a 'Gazette of India' notification, the former French Settlements in India—Pondicherry, Yenam and Mahe—are henceforth to be known as the State of Pondicherry.

*

The problems of Part 'C' States will be discussed at a Conference of the Chief Ministers of Delhi, Bhopal, Himachal Pradesh and other Part 'C' States on January 17 at Mercara.

*

The Sindri Board is understood to be considering the reduction of the sale price of ammonium sulphate by Rs. 5 a ton. The present sale price of the fertiliser is Rs. 275 per ton. The plant is at present working to full capacity.

*

The expenditure incurred on the training of Indian Army officers and personnel in the U.K., Canada and Australia in the years 1950-51, 1951-52, 2952-53 and 1953-54, amounted to Rs. 2.24 lakhs, Rs. 4.56 lakhs, Rs. 4.41 lakhs and Rs. 1.82 lakhs respectively.

*

The President has, in an Order, ruled that the functions of the Ministry of Home Affairs and the Ministry of States, with effect from January 10, 1955, be combined in one Ministry to be known as the Ministry of Home Affairs.

*

It is officially estimated that taking 1949-50 as the base year, the food grain production during 1953-54 was higher by 20 per cent. As compared to 1946. industrial production in 1954 is estimated to be higher by over 40 per cent.

*

The ILO has requested the Indian Government to nominate, in consultation with organisations of workers, a candidate for award of an Interneship for a two-month study of the working of ILO. The AITUC, INTUC, HMS, UTUC and the National Federation of Indian Railwaymen have been asked to send in nominations by February 10.

*

The estimated production of white sugar during 1954-55 season has increased by 30 per cent over that of the last season. On account of higher imports to meet increased domestic demand, about Rs. 3.73 crores were collected as import duty on sugar during 1953—and Rs. 10.82 crores in 1954.

*

The total mileage of katcha and pucca roads constructed through voluntary labour in Community Project areas up to September 30, 1954 was 9,025 and 757 respectively. Corresponding figures for National Extension Service blocks are 2,716 and 294, respectively.

*

The Railway Board has sanctioned a final location survey for a broad-gauge railway line from Barabil to Joda (11.6 miles) in Orissa, to enable large quantities of ore for steel to be developed for steel works and for export.

*

It is estimated that by the end of the current year, the area of land to be irrigated by major projects in the country will exceed 5 million acres. Over 3 lakh acres of Kans-infested land in Bhopal has been reclaimed by the C.T.O.

*

Export Promotion Councils have been instituted to aid in the development of foreign markets for cotton textiles, silk and rayon texitles and art silk industries. Similar councils are proposed to be set up for the pepper and cashewnuts trade.

FOREIGN

Australia's Commerce and Agriculture Minister recently declared that Australia would be justified in thinking of freeing herself from all or part of the GATT Agreement unless members took a "more realistic" view of Australia's problems.

*

The IMF and the World Bank have expelled Czechoslovakia for failing to provide the Monetary Fund with information on the state of economy and foreign trade, and for failure to pay its capital subscription to the World Bank.

*

Ceylon has freed sheet rubber for export destinations outside China in view of the rise of world rubber prices above the price offered by China. This step, however, is without prejudice to her pact under which she annually supplies 50,000 tons of sheet rubber to China.

*

Dr. Richard H. Kirby, an expert employed by the U.K. Colonial Products Laboratory of the Imperial Institute, is due to visit India and Ceylon shortly to consult with the authorities there on the problems involved in the development of the fibre industry.

*

A Belgian specialist in leprosy, Dr. Hemerijck, is in India in connection with the establishment of a Belgian Leprosy Field Centre, and will visit the All-India Institute of Leprosy, Chinglepet. The Belgian Government is to finance and man the proposed Field Centre.

*

The Fourth Session of the Inland Transport Committee of the United Nations ECAFE will be held at Bangkok between January 24 and 28, 1955. The International Chamber of Commerce and CAFEA have been invited to attend the meeting.

*

Two U.S. industrial technical teams have arrived in India under the June 16, 1954, Indo-American Technical Co-operation programme. One team will deal with production problems of light engineering industries, and the other with demonstrating improved tooling practices in Indian industry.

*

Mr. H. R. Mills, Scientific Adviser to the U.K. Government under the Technical Co-operation Scheme of the Colombo Plan, is currently on a visit to India to attend the Indian Science Congress. He will be visiting West and East Pakistan before returning to Ceylon.

*

Ceylon recently became a full member of the United Nations ECAFE. Other ECAFE associate members, who in compliance with a relevant resolution of the U.N. Economic and Social Council have become full members are Japan, Viet-Nam, Cambodia and Korea.

*

Explorations by an American company, the Minerals and Research Corp., in Somaliland, confirm the existence of 5 million tons of manganese ore, with indications of a further similar amount in the same locality. An estimated $1 million will be required for development.

*

About 60 per cent of Japan's wool imports are reported to come from the Sterling Area, and but for currency difficulties the proportion would be higher. Japan has lately been compelled to purchase more wool from South American countries, particularly Argentina.



A Window On The World

ONE WORLD

By

ODYSSEUS

THAT JET AIR TRAVEL, radio-communications, atomic power, and the all-devastating hydrogen bomb have reduced the once wide world to a small sized mofussil village is a truism to which we all pay lip service nowadays. But I am not sure how concretely we realise it. I confess that I, for one, did not, for example, grasp how closely India's fate was involved in the passionate debates and dramatic votes, and reversals of votes, over the ratification of the Western European Union defence pacts that enlivened the last week of 1954 in the French National Assembly, until I had spent the better part of a week reading the documents and going through old newspaper files.

Part of one's difficulty in following international affairs is that as time goes on, commentators upon events such as the London Nine Power Conference, Benelux, or the Brussels Pact, are forced by the pace and pressure of subsequent developments to assume that their readers have the details of all these, and other, previous documents at their fingers' tips. Editors have not space to try to explain more than the day's news—indeed, they frequently begin to refer to yesterday's news in shorthand by initials e.g., the EDC, which everyone was supposed to know meant the European Defence Community. But of the handful who remember this, how many could explain the origins and objects of EDC, why it was important, why it was rejected, and by whom, and to what extent the European Western Union pacts have replaced it? An attempt to sketch in the answers to these questions may be worth while, especially as it will reveal that the comforting assumption that these are all far-off European problems, with which Asia (and India) have no immediate concern, is untenable. Why? Because the original point of departure that led to the frenzied Christmas week scenes in Paris, to agonising re-appraisals in Washington, nervousness in Whitehall, flurries in Bonn, and joy in the Kremlin, was not in Europe but in Asia. Today's European Western Union defence pacts stem from the invasion of South Korea by the Communist North in June, 1950.

The outbreak of the Korean war, followed before the year's end by active and open Chinese intervention, aided by Soviet equipment, gave a tremendous fresh impetus to co-operation between the free countries of the West against what had now shown itself to be an aggressive and militant Communism.

STALIN'S MISSED CHANCE

The story of the years since Hitler's death in the West is one of steadily mounting anti-Soviet feeling, initially aroused and constantly reinforced by the policies and actions of the USSR and her associates. Throughout the years of World War II there was, both in the Commonwealth and even in the USA, popular admiration of the USSR's military achievements and for the trials and heroism of the Soviet people, which combined to create feelings of tolerance and indeed positive sympathy for Communism in Russia. You have only to re-read the newspapers of those years to see this. In his underlying suspicion of, and antagonism towards Communism, Churchill stood virtually alone. If his advice had been followed, the advance of the victorious British, French, and American armies would not have been deliberately halted to allow the Soviet armies to move right across Europe to Berlin and Prague for reasons not of strategy but of prestige, and the greater part of Eastern Germany, Czechoslovakia, and Austria, would today be undivided and free.

But President Roosevelt thought that Stalin's suspicions of the West could be allayed by kindness. If the good President had lived, Senator McCarthy could hardly have avoided listing him as America's Communist No. 1, for was President Roosevelt not ready to reach a final settlement with Stalin at the expense of the Commonwealth and of the West? Owen Lattimore's peccadilloes were as nothing compared to Franklyn Roosevelt's!

Not only was Churchill's advice disregarded, but he himself was eliminated from power by the 1945 elections. In his stead there appeared Attlee and the Socialists, who should surely have found it easier to co-operate with the USSR than the Conservatives. The USSR has never had allies more fearful of putting a foot down wrong and more anxious to be obliging than in 1945 in Britain, Italy, France, and America. If Stalin had followed a peaceful co-existence policy, it is arguable that in the prevailing mood of democratic disillusionment and post-war Leftist idealism, the whole of Europe would have gone Communist by constitutional means. If that had happened Britain could not have withstood European Communist policies or ideological influences, which in turn would have had incalculable effects throughout the Commonwealth, particularly on the USSR's Asian neighbours, India, Burma, Malaya, Australia, and New Zealand. What, moreover, would have happened here if a Communist Britain had granted India independence in 1947? What kind of "independence" would the CPI have allowed us? Would Pandit Nehru have become a second Tito? (Could Tito have quitted the Communist world if there had been no free world to enter?) Beside a solid bloc of European-Asian Communist states, what influence would have remained to the USA?

Fortunately for the still multitudinous many who believe in individual liberty and freedom of spirit, Stalin's outlook and experience were too limited, he was too uninformed of the world outside the USSR, to visualise the vast possibilities that peaceful co-existence offered him. Instead, he took the one course calculated to mobilise the hesitating free world against him. He ignored his promises of free elections in the "liberated" countries and absorbed all Eastern Europe into satellite states. He stirred up guerilla warfare in Greece in hopes of turning Turkey's flank and gaining control over the Dardanelles and converting the Mediterranean into a Soviet sea. He drove the erstwhile friendly Ernest Bevin into the arms of the State Department. He galvanised America into the amazingly generous offer of Marshall economic aid to Europe and Truman into Point 4 for Asia. He tried to swallow up Berlin and provoked the Anglo-American air lift. These and other exhibitions of aggressive Communism were answered by such partnerships as Belgium, Holland, and Luxembourg, in Benelux, and by the direct participation of the hitherto isolationist Britain and USA in European affairs through the North Atlantic Treaty, which gradually took in all the free nations stretching from Norway to Turkey.

THE IMPORTANCE OF GERMANY

But the future of Germany, partitioned into Soviet Eastern, and free Western Germany, continued to present an insoluble problem. The Germans were dominated by the hope of achieving re-union, and the Soviets used this hope to try to keep Germany separated from the West. The Soviets offered Germany re-union by means of elections to be supervised by the existing East and West German governments. This would lead to substantial penetration of a united Germany by Communists (whose idea of a free election is one that ensures the return of Communists and of an unfree election one in which the result is unpredictable), and to a coalition government. No coalition between Communists and non-Communists has ever been able to withstand Communist liquidation because whereas the non-Communists stick to the rules of parliamentary government, the Communists don't.

As the Western powers refused to accept this Soviet solution, the alternative was to liberate Western Germany from the allied occupation and admit her to full partnership as a free state of the West. This was opposed by many Germans who feared that it would mean the permanent cession of East Germany to the USSR. It also aroused misgivings in many other countries which, recognising that a free Western Germany would be a first class industrial power, feared resuscitation of German militarism which had caused two world wars within twenty-three years. Above all, the re-arming of Germany aroused the deepest fears in France, which has suffered three German invasions since 1870.

By 1950, therefore, the future of Germany looked like permanently poisoning international relations, paralysing European prosperity, and of benefit solely to the USSR by keeping Europe divided.

Once more, however, Stalin kindly came to the rescue of the democracies. (It is a wonder that the Politburo never suspected him of being a crypto-democrat). Thinking perhaps to distract the forces of British and American "imperialism" by a major diversion in Asia, he gave his blessings to a Communist invasion of South Korea. Whatever the exact origins of this war, it must have been the subject of consultation between Peking and Moscow, and if Stalin had not approved, the Chinese were in no position to go ahead on their own.

The immediate result of the invasion of South Korea was to galvanise the lagging and sluggish free world once more into united action—the dispatch of a United Nations force, of which America provided the greatest part. By the time that the armistice eventually came, three years later, American casualties totalled no less than 141,705 killed, wounded, or missing.

It was therefore natural that, faced with a full scale war in Korea, the Americans should insist that German manpower must be tapped to strengthen NATO in Europe. France was thus forced to solve the problem of re-arming Germany as part of a common European defence without reviving German militarism that might be used aggressively for its own purposes. The problem was essentially one of Franco-German relations, and it was the French who thought up the idea of a European army subject to a supra-national authority into which Germany would merge her forces and be unable to use them for exclusively German purposes. Thus was EDC born out of an Asian war, which closely concerned India.

Next week, I propose to consider further how the fortunes of Europe, Asia, India, and the Commonwealth, are linked in a single chain. We need to remind ourselves more of the history of our own times than we commonly do.

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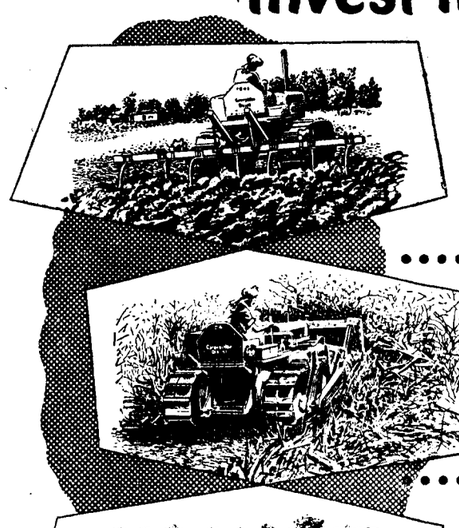
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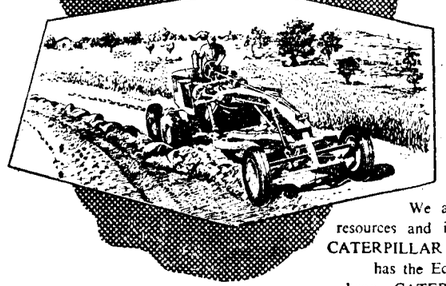
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THE WORLD ABROAD

POPULATION AND POLITICS IN JAPAN

With Japanese Diet dissolution set for around January 25 and a general election looming at the end of February or early March, political bigwigs were hustling about the country, stumping earnestly for their party. Among them was Prime Minister Ichiro Hatoyama himself, who used his trip to the Ise Grand Shrines to plump for his Democratic Party at various major stations en route. Hatoyama was the first Prime Minister to pay homage to the Shrines since the end of the war. Visits to the Grand Shrines, where the Sun Goddess—mythical ancestor of the Imperial Family—is enshrined had been the traditional practice of State Ministers in pre-war days on assuming office. The custom was dropped after the war as the post-war Constitution relegated Shintoism to the status of an ordinary religious sect whereas it was State-supported in the past.

During his trip to Ise, Hatoyama declared that he favoured Japan exchanging trade missions with the Soviet Union and Communist China as the first step toward normalization of diplomatic relations with the two countries. Adjustment of ties with Moscow and Peking would pave the way for world peace, he thought. Along with this, however, the Prime Minister stressed co-operation with the United States. He hoped, on the other hand, that Washington would agree to a reduction of Japan's joint defence outlay, declaring that this would accrue to the benefit of both Japan and the United States. While being a spokesman of capitalism, Hatoyama looked with favour on instituting a practice such as the Soviet Stakhanov movement for rewarding farmers and workers who contribute to increased production.

Liberal President Taketora Ogata, out also on a bit of political stumping, let it be known that he considered some of Hatoyama's statements as so much political trash. To make the people believe that promotion of trade with Red China would solve stagnant Japanese export trade at a stroke is sheer deceit, he said. He was not opposed, however, to expansion of trade with the two neighbouring Communist countries so long as it did not impair Japan's international trust. All political parties made glib predictions as how they would fare in the forthcoming general election. Ogata said that the Liberals would hold on to their present Lower House strength of 182. The Democrats were intent on getting from 230 to 240 seats. The two Socialist parties together hoped to grab 160 seats.

A diplomatic feather in the cap for the Democratic Government was its reaching an agreement with the United States on the Bikini compensation issue. Foreign Minister Mamoru Shigemitsu on January 4, announced that the United States had agreed to pay a sum of $2 million for losses incurred by Japan and the Japanese people from the March 1, hydrogen bomb test. The sum was to cover all claims made by Japan and to be the settlement of the entire issue. Although fishing circles considered the compensation sum to be too small, the agreement put a period on a problem which had been troubling Japan ever since 23 Japanese tuna fishermen suffered radiation affliction after being showered by radioactive fallouts. The Democrats sought to play up the settlement as a diplomatic success on their part as the past Yoshida Government was unable to clear this issue before it went out of power. Actually, however, a settlement had been impending.

POPULATION PROBLEM

Japan's population, still increasing at an alarming rate annually, will top the 100 million mark 15 years from now. It will keep on rising until 1990 after which the rate of increase will start to decline. This means that for the next 30 or 40 years the nation will continue to be plagued by an increasingly acute overpopulation problem and its attendant need to provide more work and food for this great mass of people. According to Government estimates, the nation's population, which now totals 89 million, is expected to rise to 97,350,000 in 1965, or some 13 per cent more than that in 1952. It will top the 100 million mark in 1970 and total 108 million in 1990, if the Government's prediction hits the mark. The population, however, will start declining gradually from after 1990 as the number of deaths among the aged will increase while the birth rate is expected to go on a downward trend. In the light of such a situation, what will be the nation's economic picture 10 years from now in 1965? According to experts, the working population (those above the age of 14), excluding students, the aged, sick and housewives, is expected to total 46,350,000 then. To cope with the large number, the nation's economy must be expanded to assure employment for all. If Japan's economy fails to expand in parallel with the population rise, it is feared that the number of completely unemployed will come to over 4,000,000.

Even if production is raised by 50 per cent to give work to the working population, there still will be some 960,000 persons who will find themselves without jobs. However, this will be the nearest to complete employment Japan will be able to approach as it is usual for the number of jobless to total 2 per cent of the working population in a normal economy. In the matter of trade in 1965, Japan will have to set the figure for both exports and imports at $2,400 million in order to maintain the economy of the nation then, representing an increase of 95 per cent and 38 per cent for exports and imports, respectively. Although it is feared that Japan will have a hard time making exports reach that figure, economists figure it will not be impossible if the East and the West realize co-existence and enable Japan to conduct more trade with the Communist bloc. In any case, if Japan is able to export steel goods, machinery and chemical goods in large numbers to Red China and South-East Asian nations, it will even be possible for exports in 1965 to reach $3,000 million, according to the most optimistic views of the experts.. As to food consumption, Japan will have to grow 410,850,000 bushels of rice in 1965 which means that she will have to increase production by some 54,450,000 bushels in 1965.

TRADE

The Japanese Government will formally propose another three-month extension until the end of June of the Anglo-Japanese payment agreement, according to informants. The main reason is that the present caretaker Hatoyama Cabinet is not in a position to negotiate revision of the pact expiring March 31, and furthermore a post-election Cabinet would not be ready to tackle full-dress negotiations before June

During the last calendar year, exports from the sterling area to Japan amounted to $130 million or only 60 per cent of the agreed volume, while imports from Japan reached $180 million or 90 per cent of the target. Under the circumstances, it is stated, Britain may seek a Japanese promise to import more items which failed to reach the agreed volume in exchange for acceptance of the Japanese proposal for re-extension of the payment pact.

—The Kyoto News Service

SPECIAL ARTICLES:

A SAMPLE SURVEY OF NEWSPAPER READERSHIP

THE Appendices to the Press Commission's Report (Vol. III), now published, contain a report on the sample survey of readership made by the Commission with the assistance of the National Sample Survey Unit of the Government of India. The sixth round of the N.S.S. conducted between May and August 1953 had two additional questions and the survey was made both in rural and urban areas and the questions were generally designed to elicit information on the extent of readership, the impact of newspapers on the readers and also the potentialities that exist for expanding newspaper readership—thus involving even a survey of the non-reader households. The results are obviously not reliable quantitative estimates of the absolute aggregates on any point but broad indications of the reactions of the literate sections interested sufficiently in newspapers.

The extent of the survey is indicated by the areas chosen. In 875 sample villages with 243,100 households and 373 urban blocks with 91,400 households, the selections were made as below:

	Rural	Urban
Total Reader Households ..	10,700	18,000
Total Non-reader Households ..	232,400	73,400
Samples Chosen		
Reader Households ..	2,043	3,260
Non-reader Households ..	8,745	3,685

About 68 per cent of the number of newspapers were covered in this readership survey. It was found that about 20 per cent of the sample non-reader households in the villages and 40 per cent in the urban blocks were found to be literate. It was found that of the literate households not now reading a paper, 41 per cent in the sample villages and 31 per cent in the urban blocks were interested in reading newspapers. This greater interest in current affairs in the villages as compared with the towns is very interesting. It is quite possible that when their interest in public affairs is stimulated by papers becoming available, the others now not interested would also get interested in due course. But even on the basis of the unsatisfied demand that exists among the literates who would like to but do not read a paper, it is estimated that an increase of readership of 150 per cent in the rural areas and 50 per cent in the urban areas is possible. This directly provides interest in the causes of the present non-readership. The cost of a paper, its non-availability or delayed distribution would be the most likely causes. These reasons were recorded in the following proportions:

(Number of households)

Reasons for non-readership	Rural	Urban
Cannot afford to buy ..	429	375
Paper in language the household can read is not easily available in the locality ..	201	17
Paper in language the household can read is not available in time ..	45	32
Paper in language the household can read is not at all available in the locality ..	21	11
Reasons not specifically stated ..	10	27
TOTAL ..	706	462

This should stimulate the attention of publishers of newspapers to the question of pricing and arrangements for distribution.

One of the important points on which questions were put was whether the reader liked the views of the paper he read. The responses were as follows:

Whether he liked the views of the paper. Number of Opinions

	Total	Yes	No	No Opinion
Rural ..	2,258	1,616	275	367
Urban ..	4,076	2,955	405	716
TOTAL ..	6,334	4,571	680	1,083

Without substantial differences as between rural and urban areas, an average of 72 per cent of the readers liked the views of the paper they read. About 60 per cent of the readers in the rural areas read the editorials every day and 83 per cent read them when the subject matter was interesting. In the urban areas only 53 per cent read them every day. Even among those who liked the views of the paper they read, the preference for the editorial was distributed as follows:

(Numbers of Cases)

	Like the views of the paper (Total)	Whether read the leading articles every day			Whether read the leading articles only when the subject matter interests		
		Yes	No	No Opinion	Yes	No	No Opinion
Rural	1,616	1,044	569	3	499	54	16
Urban	2,955	1,681	1,264	10	1,135	106	23

Similarly, examining the response of those who did not like the views of the paper read, the results are as follows:

	Did not like the views of the paper (Total)	Whether read the leading articles everyday			Whether read the leading articles only when the subject matter interests		
		Yes	No	No Opinion	Yes	No	No Opinion
Rural	275	164	109	2	86	22	1
Urban	405	188	216	1	200	13	3

The effect of the printed word on the reader can be judged by the extent to which there is faith in the correctness of newspaper versions, among those who like the papers they read and among those who do not like. The proportions of this faith, or the lack of it, among the two main groups of readers are shown below:

	Total	Acceptance of what the paper prints as correct		
		Yes	No	No Opinion
Rural				
(Total 2,258).				
Like the views of the paper	1,616	972	444	200
Do not like the views of the paper	275	84	163	28
Urban				
(Total 4,076).				
Like the views of the paper	2,955	1,918	630	407
Do not like the views of the paper	405	159	206	40

On the whole it may be said that of all the newspaper readers in the rural areas, about 30 per cent were disinclined to accept as correct what is printed in their paper, the corresponding figure for urban areas being about 23 per cent. The appeal of the views of the paper has a striking effect on the reader's faith or lack of it. In rural areas, the availability of a news service on the radio serves also to give a feeling of reality to the more comprehensive service provided by the newspaper.

Not too much importance can be attached to some of these preferences. There are not many large groups with strong allegiances to rural political parties of the kind known among Western democracies. It seems that the general interest in published speeches is much higher than is assumed by the publishers. From other responses tabulated in the survey it seems that the readers are not too fastidious about the get-up of the paper or the nature of headlines. The circumstance that 43 per cent among the readers in the rural areas and 36 per cent of those in urban areas had been taking other papers in the past but are better satisfied with the papers they bought at the time of the survey shows, however, that they were ready to change when improved papers were available and felt satisfied after the change.

On the types of news read first the following results were obtained:

(No. of Cases)

Types of news read first	Rural No. of Cases	Rural % to Total	Urban No. of Cases	Urban % to Total
Indian News ..	986	44	1,725	42
Local News ..	700	31	940	23
Foreign News ..	218	10	391	10
Sports News ..	76	3	177	4
Market Reports ..	146	6	264	7
No Opinion ..	132	6	579	14
TOTAL ..	2,258	100	4,076	100

The greater importance attached to Indian news as compared with local news is a factor of no mean significance.

On the questions about the price paid for the paper and whether it was worth it, the results were shown as follows:

Category	Whether the price of the paper is high		Whether the paper is worth the money	
	No. of Cases	% of Total	No. of Cases	% of Total
Rural				
Yes ..	810	36	1,536	68
No ..	1,369	61	401	18
No Opinion ..	79	3	321	14
TOTAL ..	2,258	100	2,258	100
Urban				
Yes ..	1,530	38	2,824	69
No ..	2,408	59	607	15
No Opinion ..	138	3	645	16
TOTAL ..	4,076	100	4,076	100

Out of 2258 rural and 4076 urban readers, 713 rural and 1326 urban readers were also regular readers of weeklies in addition to dailies. Their preferences for the different features in the weeklies are shown below: (The responses indicate the opinion of each person or each item as to whether he liked an item or not. Hence the total of the likes of all features is larger than the persons). The interest in current affairs is as significant as the importance attached to Indian news stated earlier.

(Preference for different items in weeklies)

Item found to be of interest	Rural No. of Opinions	Rural % of Total	Urban No. of Cases	Urban % of Total
1. Current Affairs ..	565	21	971	18
2. Cartoons ..	311	12	729	14
3. Humour ..	370	14	801	15
4. Stories ..	433	16	902	17
5. Photos and Illustrations ..	433	16	901	17
6. Women's and Children's Section ..	298	11	593	11
7. Society and Fashion ..	262	10	455	8
TOTAL ..	2,672	100	5,352	100

STANDARDISATION OF STEAM LOCOMOTIVES IN INDIA

(CONTRIBUTED)

THE establishment of locomotive manufacture in India and the evolution of the standard designs of locomotives which cater to the requirements of all the railways of this country are closely interlinked. To appreciate the problem, it is necessary to go back and study the history of development of locomotive design for Indian Railways.

The suitability of a locomotive for a particular service is determined by a very large number of factors —the loads, gradients, speeds, frequency of stops, the acceleration specified, the tractive effort and horse-power required of the locomotive. Track, gauge, moving dimensions, strength of track, bridges, etc., determine the axle load and indirectly the number of driving and carrying axles. The curvature of the track, the sleeper spacing, the subsoil, etc., determine the lateral resistance of the track and the influence of lateral controls on the carrying wheels of the locomotive to make it safe for high-speed operation. The quality of fuel available determines the type of engine, the minimum size of the grate, and the boiler proportions. In a large country like ours, there are wide variations in all these factors and different railway systems in the earlier stages tried to use the most suitable locomotive for their own conditions with the result that there are about 200 different classes of locomotives in the now nationalised Railway System.

India today has approximately 5,400 BG locomotives, 2,750 MG locomotives and 500 NG locomotives, a total of about 8,650 units in different classes. Various attempts have from time to time been made towards rationalisation of locomotive requirements of the country. Careful studies have indicated that all classes of traffic offering on the railways in India with all the variations of gauge, track, gradients, speeds, etc., can be handled by a selection from a group of not more than 25 to 30 different standard designs of locomotives.

The first attempts at locomotive standardisation in India were made approximately 50 years ago when the British Engineering Standards Association in consultation with Indian Consulting and Designing Engineers evolved standard types of passenger and goods locomotives for use in India and the Colonies in order to reduce costs of manufacture in the U.K. For India, a set of 0-6-0, 2-8-0, 4-6-0, locomotives were developed which were gradually improved and perfected. Many of these standard BESA locomotives, as they are referred to, have borne the brunt of the service on Indian Railways for the past 40 years or so. An outstanding example of this type is the HPS engine for passenger service and HGS for goods service. These locomotives were, however, principally based on the prevalent British locomotive practices and they were designed for use with coals containing 6 to 8 per cent ash. The bulk of the coal available for use by Indian Railways today contains 18 to 28 per cent ash and incombustible matter, and with increasing pressure on railways to abandon the use of better quality coal for metallurgical purposes, it has become necessary to use low grade non-coking coal for steam raising purposes. This non-coking coal has generally lower available calorific value and so to develop a given horse-power, we require a proportionately larger grate area for efficient combustion.

Between the years 1923 and 1926, a new series of locomotives built specially to burn Indian coals were evolved. These were the 'X' Class for the BG, 'Y' Class for MG and 'Z' Class for NG. These locomotive designs, however, were evolved in the U.K. and the boiler proportions did not meet with our entire requirements because at the time very few of our railways had been nationalised. Therefore, not many of these locomotives were built and by the time World War II started, there was a considerable shortage of locomotive power to meet the increasing demands of traffic.

The import difficulties from the U.K. necessitated emergency demands for locomotives during the war being met by the American War Model locomotives—the designs of which were based mostly on 'X' Class standards with minor alterations peculiar to American practices. A total of approximately 1,100 locomotives were obtained during this period to meet the emergency and the position at the end of the war was that these American locomotives were, as a group of standard locomotives larger than the Indian Railway Standard or BESA standards. These locomotives based essentially on American design had a marked effect on new standard locomotives which up to the time had followed the prevailing British designs.

Subsequently, attempts were made at further rationalisation of locomotives and based on the railways' requirements a new series of locomotives essentially suited to Indian conditions of fuel, track, service, etc., were evolved. It was not intended to introduce any revolutionary changes in the new designs but rather to maintain and develop the trends towards fewer classes which had already begun before the war, covering the requirements of all Indian Railways which had been nationalised. Research on the riding qualities and thermo-dynamics of the locomotives and experience of over 20 years with earlier standards and their forerunners, led to a new group of locomotives.

The new plans for designs and rationalisation were thus influenced by the following major considerations:—

(i) The total steel production in the country was barely one-fourth of the country's requirements and as such it was not considered desirable to strengthen and re-lay the track and thus burden the Indian steel industry. It was necessary, therefore, to restrict the axle loads, wherever possible, to the available track conditions. In this connection, it was also felt that with the possibility of electrification and utilisation of gas turbine locomotives in the future, the existing track will in the long run be suitable for the increased speed and the additional traffic offering on the railways.

(ii) The pressure on the railways to consume only non-coking coal had grown considerably. These non-coking coals have a calorific value approximately 7 per cent lower than that of coking coals. To develop any substantial horse-power with these non-coking coals, it was necessary to burn them at a higher rate and this led to larger boiler proportions.

(iii) The results of experiments with the Dynamometer car under actual operating conditions were incorporated in the new designs. The boilers of the new locomotives would have to be provided with largest possible grates and large fire-box volume efficiently to consume the volatile coals to be used. The distance between the tube plates was reduced to obtain a higher degree of superheat. The valve gears were modernised so as to use the steam produced economically, and in the mechanical proportions special consideration was giving to design details with a view to manufacturing in India. The maximum degree of interchangeability between all these new designs was maintained and it was decided to have interchangeable tenders and boilers, wherever possible. Even the valve gear, axle-box, springs, etc., were standardised, wherever possible.

The WG locomotive being built in Chittaranjan is a result of exhaustive research and the experience gained with the previous types of standard locomotives, evolved principally to suit the manufacture possibility in the country. The WG is a 2-8-2 type BG goods engine, weighing approximately 174 tons in full working order and 123.5 tons empty. It has a boiler working pressure of 210 lbs./square inch with two 21$\frac{1}{2}$ X 28 inch cylinders and 5ft.-1$\frac{1}{2}$ inch dia coupled wheels. The boiler is capable of a superheat temperature of 700°C with a grate area of 46 sq. ft. and a total evaporative area of 2,245 sq. ft. The engine develops a total tractive force of 38,890 lbs. at 85 per cent boiler pressure and has been rated to haul trains of 2,000 tons over level sections at a speed of 45 miles per hour.

From the manufacturer's point of view, every locomotive has to be compared to a standard to assess the quantum of work involved in its manufacture. The power of the locomotive, i.e., tractive effort, is not, therefore, the correct index of the work involved as the tractive effort can be varied by changing the dimensions of the cylinders, the steam temperatures, expansion ratios, etc. Locomotive manufacturers normally assess the quantum of work involved in the manufacture of locomotives either on their direct weight ratio or on the basis of worked surface area. Applying the principle of dimensional similarity to locomotives, the surface area is proportional to the square of the linear dimensions and since the linear dimension varies as cube root of the volume or weight, for comparative purposes the weight of the locomotive raised to the power of .66 may be taken as an index for the surface area of any class of locomotives. This surface area index is thus the basis of the amount of work involved in locomotive manufacture and depends to a very great extent on the amount of machining and fitting necessary which are directly governed by the surface area. The HGS locomotive, one of the earlier BESA standards, has for Indian conditions been taken as a standard locomotive. This locomotive has a weight in full working order of 127 tons with a surface area index of 20.25.

Chittaranjan Locomotive Works were laid out to give a planned outturn of 120 standard locomotives and 50 spare boilers per year. Within four years of the start of production, Chittaranjan Locomotive Works were targetted to prduce 96 WG locomotives in 1954. Comparing 96 WG locomotives, on the basis of the surface area to standard locomotives, we find that the target of 120 locomotives per year has been practically achieved within a remarkably short period. This will be clear when it is mentioned that the total weight in working order of a WG locomotive is in the region of 174 tons, the surface area index accordingly works out to 24.8. One hundred and twenty standard locomotives are, therefore, equivalent to $\frac{120 \times 20.25}{24.8} = 98$ WG locomotives.

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THE BUSINESS WORLD

IMPROVEMENTS IN IMPORT POLICY

Barring two features—one aimed at confining profit margins on sales of certain imported goods to prescribed limits, and the other at canalising trade in some commodities through official or officially-sponsored agencies—the import policy for the current half-year has been generally welcomed by the trade. Seeing that the rigid application of the system of quota licences freezes the pattern of import trade, the Government of India, consistent with the improvement in the country's balance of payments position, has done well in further expanding the liberal trend introduced in the previous half-year. This has been done by expanding the area of the liberal licensing, by enlarging the newcomers' scheme and by extending the basic period over a large range of items. An attempt has also been made to diversify the pattern of trade by providing for quotas, and making provision for the utilisation of sizable portions of soft currency licences, on the dollar area.

The subject of quotas has been handled as best as could be done. Quota changes have been made for various goods in accordance with the changing foreign exchange position and availability of such goods at home. Quotas have been rightly pruned in cases where there has been an increase in domestic output, two typical instances being penicillin and streptomycin. A proportionate increase has been effected where internal supply continues to fall short of demand. Some preference has been shown for imports of semi-manufactured goods and industrial raw materials.

What is perhaps the most salutary feature is the substantial increase that will be made in the number of small-value licence-holders. This is in conformity with the Government's recently declared policy to open up the import field to as many people as possible, especially small importers. It is the small importers who will obviously benefit from the decision to double licences in respect of safety razor blades (involving a total increase of Rs. 2 lakhs worth), flashlight cases, tea chests, certain chemicals, cardboads, straw boards, etc.

Others who will profit by the liberal licensing scheme are those importing crocus paper, brass reeds, yeast, chrome splits and blanc fixe. Shortages have been experienced in certain articles and it is encouraging to find increased quotas for them, which include sheet and plate glass, zip fasteners and cellophane paper. What is more, even some items which had hitherto been on the banned list—such as pickers, card cans, certain leather and textile manufactures—have been allotted token quotas. Among dollar goods which will enjoy a measure of relaxation in import control are certain metal working tools and machinery, while holders of soft currency licences will be allowed to utilise a portion of their licences for imports from hard currency areas. This category includes varieties of motors, pumps, electric control gears, essential oils and moulding powders.

Likewise, the persistent demand by the trade to extend the basic period has, to a remarkable extent, been met. This move will considerably assist established importers, whose basic period has been extended to include 1952-53, in the case of 110 items, as against 50 in the July-December 1954, licensing period.

The current licensing procedure in respect of actual users have been continued, whereby it is no longer necessary for the established actual users, who have regularly obtained import licences for more than three licensing periods, to forward the consumption certificates from the Director of Industries with their applications for import licences; and licences will continue to be given to them on the basis of certified copies of licences for the previous period.

Reflecting the progress made by indigenous industry in some important sectors, it has been found possible to reduce the import quotas for some 23 items. These include woollen fabrics, some drugs and medicines, cork manufactures, feeding bottles, motor vehicle parts such as sparking plugs and shock absorbers, and certain chemicals.

Manufacturers of shoddy woollen fabrics, who are mostly concentrated in East Punjab, have to be particularly thankful to Government for restricting import licences for these fabrics to 10 per cent of the face value. This step will rectify the mistake committed in the previous half year to liberalise imports of shoddy woollen fabrics, albeit with high tariffs. High tariffs might protect the worsted woollen industry, but not the shoddy type which is entirely dependent on Italy for its yarn. Domestic industry cannot compete with imported supplies in the matter of price.

In spite of all these welcome changes, the import policy has not been without its unfavourable aspects. As stated at the outset, two innovations have come in for stringent trade criticism. First of all, the Government proposes to reduce profit margins on the sale by importers of certain items through negotiations with the trade. The items comprise refrigerators, air-conditioners and cooking-ranges. It is thought that the present margin in respect of these articles is as much as 60 to 70 per cent, and Government's intention is to give licences to individual parties to import air-conditioners directly, while "persuasive efforts" will be made to have the margins reduced by importers of the other two items. It is a moot point whether, and if so how far, authority will succeed in its persuasive efforts. Moreover, why is it that only these three items have been chosen for this experiment in persuasion? Is authority convinced that in the case of no other imported article the percentage of profit is excessive?

The second objectionable feature is monopoly trading in certain basic articles, such as raw silk, caustic soda and soda ash and sodium bicarbonate, through official agencies. The very principle behind such virtual state trading is objectionable, since it involves elimination of normal channels of trading and distribution. Government seems to perceive existence of conflicting interests which result in wide price fluctuations. But first of all, is the malady really serious? Even if it is, will not quota restrictions provide the necessary corrective? The Central Silk Board is to handle the import and distribution of raw silk. It is feared that the cost of opening various distributing centres, depots and recruitment of necessary staff would prove considerable. State trading cannot avoid high overheads. And there is the likelihood of adverse repercussions to the elimination of competition, and one need not be surprised if industrial consumers ultimately find themselves no better than they were hitherto. Already there are reports that prices of silk in the Bombay market are showing an upward trend. As for caustic soda and soda ash, it is not yet definitely known whether the Government will directly handle the imports or entrust the work with agencies which could ensure wide diversification and supply to consumers at as cheap rates as possible. However, if the agencies are really competent, Government might be successful in removing unhealthy fluctuations and stabilising the prices of the commodities concerned. Some quarters ask if the Government is thinking of emulating the British Government which has been importing our jute goods in order to prop Dundee's high cost jute mills.

It is pertinent to refer here to certain salient points in respect of trade policy made recently by Mr. T. T. Krishnamachari in a speech at Madras. He said that, on taking over the Commerce Ministry, he had found that the import and export policy oscillated from one extreme to the other. But since he took over, the Ministry had given an "indigenous industry angle" to it and classified the groups of articles which were produced in India but still imported. If the Ministry felt that a particular commodity required protection by way of import limitation, besides tariff support, it gave protection. Since it was against the Government's international commitments to limit imports merely to correct imbalances in balance of payments, it had sought the permission of GATT to use the measure of import limitation to protect the nascent industries of the country. "But that does not mean", Mr. Krishnamachari declared, "that we will allow prices to shoot, speculators to speculate and profits to rise".

PROSPERITY IN TEA

Considering the slump which, about a couple of years ago, caused several Indian tea estates to close down and threatened others with ruin, the improvement in prices which has brought tea to its present peak has been truly remarkable. Aimed at mopping up the "excess" price differences, the Government of India has, for the second time since the tea boom started during the latter half of the past year, raised the export duty on the commodity. It was in October, 1954, that the duty was increased from 4 annas to 7 annas a lb., and now the levy has been further enhanced to 10 annas a lb. This additional impost is expected to augment the receipts of the Central exchequer by Rs. 3 crores. Simultaneously, the Government has increased the export allotment of tea, for the financial year 1954-55, from 457,943,714 lb. to 465 million lb. representing 133.5 per cent of our standard export figure or, quantitatively, an additional 7 million lb.

The visit to India, at the moment, of Mr. A. R. W. Low, British Minister of State at the Board of Trade, is only a coincidence and the measures stated above had been decided upon before his arrival. But seeing that the bulk of our tea exports is finding its way to London, both for purposes of home consumption and auctions, and that it is the British housewife who has been hit the hardest by the sky-rocketing of tea prices, it is natural that Mr. Low has been having discussions with New Delhi officials and is also scheduled to talk to executives of the Central Tea Board in Calcutta, on the twin issues of the prices of tea and its transport bottlenecks.

Interesting statistics on tea prices have just been issued by the International Tea Committee in London. U.K.'s net tea imports for consumption during the first 10 months of 1954 amounted to 406,880,000 lb., against 394,200,000 lb. during the same period in 1953. The average prices at London auction sales have reached new highs in recent weeks. In the week beginning November 22, 1954, the price quoted for Northern Indian tea was 6s. 11.2d. per lb., and for Southern Indian tea 6s. 7.2d., against the background of an average price for all tea of 6s. 10.4d. per lb.

These figures compare with average prices, in the week beginning November 23, 1953, of: Northern India 3s. 9.9d., and Southern India 3s. 8.2d. The average London auction price for all tea was then 3s. 10.4d. per lb.

In the light of these figures, it will be easy to appreciate the observations made by Sir Eric Miller, Chairman of Harrisons and Crosfield Ltd., at the company's recent annual meeting in London. Never in the recorded history of the industry, he said, had the fortunes of producing companies in general, and particularly those in North India and Pakistan, shown such a dramatic recovery as had taken place during the past two years. Gradual improvement in prices during 1953 had rendered it possible for almost all estates to resume production

With increased consumption not only in the United Kingdom, but in the world markets, primary markets and London had registered a progressive advance Sir Eric pointed out that clean common broken pekoe—the yardstick by which the London market has been assessed for many years—had been quoted in the first week of December at the all-time record figure of 6s. 6d. per lb.—almost double the figure of a year earlier. Since then, the auction price went up to 6s. 8½d. this week.

But for floods and other inclement weather conditions, North Indian plantations would have produced a bumper crop. According to current estimates, North India is expected to produce some 507 million lb., and the total Indian output in 1954 would be about 635 million lb., against 608 million lb. in 1953.

It has been rightly pointed out that the price is not made by the producers, who sell at the auctions, but by the buyers who, in their bidding, reflect public demand. And on the part of the public there has been a progressive increase in consumption in all tea-drinking countries. The largest per capita consumption of tea in the world is in Britain and Eire, with an average of about 10 lb. per year. The second largest importer of tea by volume is the U.S.A.—a traditionally coffee-drinking nation—but, in spite of intense tea propaganda, there seems to have been only a 10 per cent increase in imports in 1954, bringing its offtake to barely ¾ lb. per head. In India, too, efforts in recent years to improve the general standard of living have been responsible for higher internal consumption. Though mindful of the need to meet home demand—estimated at 180 million lb.—the Government of India has so far released 465 million lb., for export, against its permissible total quota, under the international regulation scheme, of 470 million lb.

The Government of India, in its Press Note, dated January 8, on the latest enhancement of duty, has announced its decision to introduce a slab system for which appropriate legislation will shortly be introduced in Parliament. The object is to do away with the disadvantage of the existing flat rate which, although is reasonable as long as prices remain stable, becomes unfavourable, particularly to the trade, in times of wide price fluctuations. Moreover, there is always a time lag between the actual rise or fall in price in the market and the imposition of the higher or lower impost. This is also the case in the ad valorem method of levy. But in the slab system, the duty gets automatically raised when prices go up and vice-versa.

It is, however, worthy of note that Ceylon which, in 1951, introduced a sliding scale of export duty on tea (whereunder the levy fluctuated between 35 cents and 45 cents), abolished the system in 1953 in favour of a flat rate of duty at 45 cents which has since gone up to 75 cents.

THE KAKRAPARA PROJECT

By

CROESUS

You must visit some of the places where development projects are taking shape, or have just been completed, in order fully to appreciate the transformation that the economy of this country has been slowly, surely, and steadily undergoing. Such visits are also necessary to disabuse one's mind of the deliberate distortions about some at least of these projects sedulously spread by interested parties and politicians. Except perhaps for the total outlay which, nearly in every case, seems to have exceeded the original estimate—this may be due to only one of three causes, namely, (i) underestimate with a view to getting the project included in the budget, (ii) rise in prices or change in the original specifications, and (iii) wrong calculations—the projects are about to achieve, or have already achieved, the ends contemplated. It is a tribute to the technical skill of hundreds of Indian engineers spread all over the country that many of the projects have been wholly conceived, designed and completed according to schedule in most cases without any foreign advice. The fact that, nearly in all cases, when the advice of foreign experts was sought, it concurred with Indian expert opinion in these matters speaks highly for the ability of our people.

A question that is frequently asked about the projects under the Five-Year Plan is whether the people for whose benefit these are intended have been at all evincing any interest. In my present tour of projects in the Western region—I am writing this from one of the places of our visit—I have tried and have succeeded in getting our answer to this question. The answer is that, although the initial public reaction is one of apathy and suspicion, it soon changes into one of active co-operation and genuine appreciation, if not pride. Yes, it is pride, and this is particularly noticeable among children. Thus, when a party of journalists proceeding to the Kakrapara project alighted at an unpretentious wayside station in the Western Railway—Madhi—a girl of seven greeted us with the question: "Have you come to see Kakrapara?" And she went on without waiting for a reply, "you must see it. I have been there several times already".

The Kakrapara project, like other multi-purpose projects, has had its share of controversy. While it is only natural to expect, in a multi-lingual State like Bombay, a controversy about the prior claim of Gujerat for such a project vis-a-vis Maharashtra and Karnataka, the controversy in this case was not limited to this. It related to the siting of the dam and also to whether the project should be mainly irrigational or multi-purpose. In the event, it has turned out to be mainly irrigational with certain incidental multi-purpose benefits such as, for instance, flood control, but it is gratifying to learn that, when the next stage of the proposed development is completed, it will become more and really multi-purpose, in that there will also be power generation on a sizable scale.

Before passing on to the details of the project, I feel a reference must needs be made to some notable points of economic interest. It would be too trite to say that the standard of living of the people has improved, but anyone can see that the Chowdhras—a backward community of this region—are today better off then they were only a few years ago. This is almost wholly the result of the extra work, especially during the non-harvest season, which the Kakrapara project has provided for these people. In the beginning, it would appear, these would not offer themselves for work, but when Kathiawaris and Voddars from afar came and started, they too started coming and have since become, from all available accounts, skilled workers. This proves what has always been preached but seldom practised, namely that what is needed to raise the living standards of our rural folk is to provide them with suitable and profitable off-season occupations. In the present cases, unfortunately the off-season occupation is not going to be permanent and it is a pity that the Chowdhras, who had shaken generations of their traditional idleness because work was provided to them at their very doors, will again lapse into laziness. In my opinion, this can be prevented if organisers of schemes like Sarvodaya, National Extension Service or Community Projects step in on the scene at this stage. Now for a few details about the project.

TAPI RIVER BASIN

The possibilities of multipurpose development in the Tapi River Valley were taken up for investigation in 1948, and schemes for providing irrigation facilities to large areas in the Surat, West Khandesh and East Khandesh Districts of the Bombay State and generating Hyro-Electric Power on a large scale and also providing a measure of flood control had been drawn up. Further, by proper siting of the control works and providing locks it was thought feasible to make the Tapi navigable for a distance of 200 miles from the sea.

The project provides irrigation to a gross commanded area of 800,000 acres in the Surat District at a very modest cost. While construction is proceeding on the Kakrapara project, detailed investigations on the big storage dam at Ukai, fifteen miles upstream of Kakrapara are also being conducted. While the Kakrapara project is purely an irrigation project, the Ukai Dam project will have a large power potential of 2,25,000 kw. and will include additional irrigation and flood control measures.

The irrigation facilities provided are expected to produce an additional yield of 1,60,000 tons of food grains and 40,000 Khandis of cotton. Provision has also been made for irrigating about 30,000 acres of Khar lands in the coastal belt. The feasibility of reclaiming these lands has been thoroughly investigated in the Kakrapara project laboratory and reclamation schemes have been prepared.

HEAD WORKS

The Kakrapara project is comprised essentially of the head works and canal systems on both the banks. The head works include the masonry weir, head regulators of the main canals and afflux bunds. The weir is designed to allow a maximum discharge of 13,50,000 cusecs with 28 feet depth of water over the crest. The total length of all the channels exceeds 800 miles involving an earthwork of 6,734 lakh cu. ft. and construction of 1,500 large and small masonry structures.

PROGRESS OF WORKS

The head works were completed in all essential respects during June 1953, and the Chalthan Branch system, which is a part of the Surat Branch system was opened for irrigation. The Surat Branch system is now practically ready except the tail portions and this has been opened for irrigation since June, 1954. The revised cost of the project is Rs. 11 crores. The cost per acre of annually irrigated area is Rs. 138. It is thus one of the most economical projects in India.

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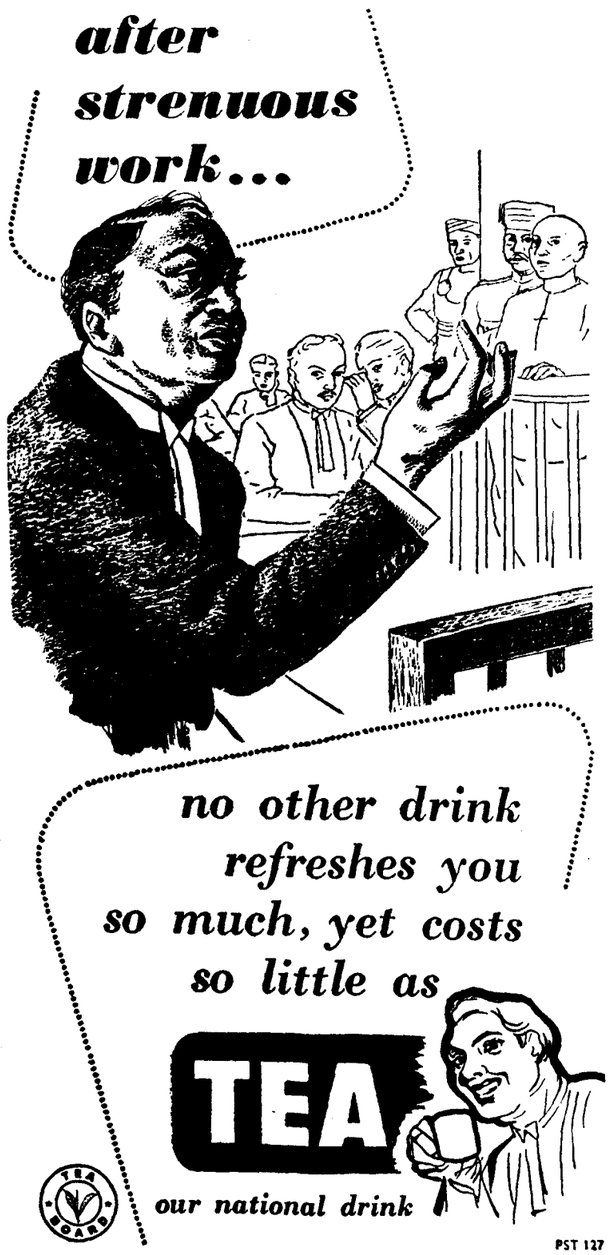
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BUSINESS NOTES

LIFE INSURANCE AND LOWER PREMIUMS

Since the offensive for reduction in the rates of premiums on life insurance policies was launched last year, peace in the insurance world has remained in a somewhat disturbed condition. The intervention of the Executive Committee of the Life Insurance Council proved timely and helpful in smoothing out the divergence between different interests among insurers. The consequences that followed the introduction of the policy of rate reduction have created doubts in the minds of a section of its sponsors and one thing that is clear is that premium income from new business has tended to decline. One year is probably too short and inadequate a period for making an assessment of the effects of this policy for the simple reason that it rests on the assumption that its justification can be verified in the long run as lower mortality rate was the principal raison d'etre of the change. Nevertheless, provisional estimates for 1954 indicate that while the volume of new life business has gone up, the earnings from premiums on new policies have not shown similar increase.

Resort to lower rates has taken another form, though it is obvious that in the new sphere where it is attempted a restricted scope exists for its operation. It relates to life policies for the staff of insurance companies at lower premiums than those offered to the general public. It needs to be recalled here that the race for lower rates was started following the practice of foreign insurers to offer lower premiums to a certain class of policy-holders on the plea that their standard of life resulted in a lower mortality rate. Strong protests raised on behalf of Indian insurers proved futile and certain Indian insurers followed suit. The good offices of the Executive Committee of the Life Insurance Council, it is claimed, put an end to this race for veiled rebate. But an exception was made in the matter of concessional premiums in the case of policies for members of the staff of insurance companies. This exception is not objectionable inasmuch as it is a universally accepted convention to extend special benefits to employees in respect of the services of the business or industry in which the employing unit is engaged. Moreover, the income group from which the majority of the beneficiaries of the staff insurance scheme is drawn should offer no reason to grudge the concession. But the authority to prescribe lower rates was pushed to an extreme degree by certain insurers which made the rates grossly uneconomic. The Executive Committee's action in fixing minima for such premium rates, therefore, was well advised.

CLOTH EXPORTS LOOK UP

Tentative estimates of the exports of cotton piecegoods from India during 1954 bring out the heartening conclusion that last year's performance showed considerable improvement. In the global context Japan emerges as the biggest cloth exporter, while India takes the next place. Japan's estimated exports for 1954 are placed at 1,200 million yards which disclose a big increase over the 1953 figure of 915 million yards. The U.K. comes next after India and it is presumed that the proportion of the volume of the U.K.'s exports to the volume exported by India, which was about 50 per cent of the latter in the first seven months of 1954 has not been altered substantially. An important fact about India's export trade is the progressive resumption of the normal pattern in so far as its composition is concerned. Medium varieties have claimed a share of more than 50 per cent of the total, coarse varieties a little above 25 per cent, while the balance was made up of fine varieties. This pattern is essential for the consolidation of India's trade in her traditional markets.

India's exports in 1954 are placed at 885 million yards which compare with 652 million yards in 1953. This is the second best performance ranking next to the peak of 1,180 million yards achieved in 1950—but at the cost of domestic consumption. The target of 1,000 million yards of exports adopted officially as well as by the trade was thus short by 115 million yards. The direction of exports discloses that the principal markets were the U.K., British East and West Africa, Malaya, Aden, Sudan, Australia and Burma. Uniform introduction of standard rates of import duty by Burma has widened the volume of Japanese exports to that country, while Pakistan has also veered round to Japan for cloth supplies in view of the export of her raw cotton to that country.

DOOR NOT SLAMMED

Last Tuesday's Government Press Note on the end of the talks on the air transport agreement between India and the U.S. clearly indicates that the door has by no means been slammed against resumption of the negotiations. Technically the agreement of 1946 will terminate from January 14, on which day the one-year notice served by India becomes effective. The two American airlines, PAA and TWA, have been accommodated by the issue of temporary permits to make two weekly round-flights each. PAA will touch on each flight either Delhi or Calcutta, but not both; and TWA will fly via Bombay. The difference in the position during the continuance of the agreement and after its termination will be that the frequency in the case of each airline will be reduced by one and PAA may halt at one of the two airports only. The duration of the permits has been agreed, it is stated, to be for one year. These provisional arrangements, coupled with the omission in the Press Note to describe the end of the talks as a failure to arrive at an agreement, are positive pointers that the door is still kept open for future attempts at a settlement. In fact, the entire tone of the Press Note signifies goodwill and an earnest desire on both the sides to arrive at an agreement.

EXPORTS OF OILS AND SEEDS

The modification of the export policy on castor oil, groundnut oil and groundnut which has been made operative from January 9 has come somewhat late in the season. Closing price quotations on January 10 as compared to the quotations on January 8 at the week-end give clear indication of the disappearance of the marginal bullish reaction immediately on the wake of the announcement. Actually, prices for the three commodities suffered a small setback.

The reduction in the export duty on castor oil from Rs. 200 per ton to Rs. 125 per ton has been below reasonable expectations formed on the export outlook. The time-limit for higher shipments which has been fixed up to the end of March next is unlikely to improve the situation. The modified policy provides for suspension of the ceiling of 600 tons per established shipper till March 31, 1955, and raises the maximum quota for non-established shippers from 50 tons to 200 tons per head. This liberalisation has been prompted by the desire to clear the carry-over stocks. In view of the volume of the export quota still outstanding, which is estimated to be in the neighbourhood of 25,000 tons, and the higher rate of movement of the new crop, it will be a surprise if the carry-over stocks are fully shipped within the time-limit.

An additional quantity is being released for export of groundnut oil. It is being linked with actual shipments made by quota-holders. The size of this additional quota will be equal to the quantities actually

shipped between the date of the reduction of the export duty on groundnut oil, viz., November 4, 1954, and January 20, 1955. Here again the difficulties relate to shipping space. In the case of HPS groundnuts additional quota has been released. It is fixed at a ratio of 40 per cent of the total shipments effected by established shippers in any of the three calendar years from 1951 to 1953. Established shippers who exported HPS groundnuts in 1949 and 1950, but do not come within the first category, are also being allocated a modest quota.

STERLING AREA RESERVES. DECEMBER 1954

It was positive knowledge beforehand that the gold and dollar reserves of the sterling area in December 1954 would register a sizable decline in comparison with the reserves in the previous month. The major payment liabilities were the instalments due in December on account of repayments of the U.S. and Canadian loans to the U.K. The actual decline, however, has been smaller than the total of the loan payments. $181 million were paid on December 31, towards the servicing of the U.S. and Canadian lines of credit of 1946, the U.S. lend-lease loan and the European Recovery Programme loan. This payment is exclusive of the payment of $8 million for the quarterly instalment on the interest-free Canadian loan which was made on December 1. The reserves of the sterling area stood at $2,762 million on December 3 last, a fall of $163 million below the November figure.

During December, receipts of defence aid from the U.S. amounted to $8 million, while $3 million were received in gold or dollars from the EPU for November settlement and $2 million were paid to EPU creditors for bilateral settlements. The estimated position for December in respect of EPU is a deficit for U.K. of the amount of $7 million. Of this, $3.5 million will be payable in gold or dollars and $3.5 million will go to increase the debt to EPU. The amount of the deficit with EPU has been increased to the extent of $2 million due to half-yearly interest payments. As regards the balance of $5 million, there was a movement away from the unexpected favourable results of October and November 1954.

The year-end position merits comparison with the earlier periods. During the calendar year 1954, the reserves gained a net increase of $244 million above the figure at the end of 1953. The reserves in 1953 and 1954 stood respectively at $2,518 million and $2,762 million. The increase of $244 million in 1954 is much smaller than the increase of $672 million registered in 1953 over the 1952 year-end figure of $1,846 million. Last year's improvement, nevertheless, stands out as reassuring, if proper allowance is made for the payment of $112 million towards short-term indebtedness to the IMF and of $99 million in July to EPU. The steady growth of the reserves is an indication that the impatience for convertibility of the sterling needs to be curbed.

IMPORTS OF ANTIMONY

Control of normal channels of trade hardly succeeds in securing its purpose. A section of the actual users of antimony had to undergo considerable inconvenience and hardship due to the total ban on imports during the licensing period, July-December 1954. Domestic supplies are not adequate to meet the requirements in toto and a small deficit in supply admittedly exists. The wisdom of prohibiting any imports, therefore, was obviously open to question. A small margin of overseas supplies is imperatively needed to make good the shortfall in home supplies. This lacuna in the licensing policy for the second half-yearly period of 1954 has been rectified in the policy which has been announced for the current January-June period. There is the assurance, primarily intended for the benefit of the alloy industry which constitutes the major consumer, that ad hoc licences would be issued to actual users. In its anxiety, however, to prevent any possibility of this concession to users causing an upset in the domestic antimony industry, Government has fallen back on a device which is certainly not so harmless as it appears on the face. An obligation has been imposed on an applicant for an import licence to procure a certificate from the indigenous producer signifying his inability to supply the quantity required. Antimony production partakes of the nature of a monopoly and a virtual authority to issue the certificate is very likely to cause hardship to the prospective importer. If the regulated procedure which is in reality intended to protect the interest of the home producer is found in practice to have bred malpractices, there should be no hesitation on the part of the Commerce and Industry Ministry to abandon it and straightway issue ad hoc licences on a fair and independent assessment of requirements of imports.

EMPLOYMENT EXCHANGES

Action on the Shiva Rao Committee's report on the future of the employment exchanges is still being considered in a leisurely fashion. The major issues for determination cannot be treated as too complex to necessitate such protracted deliberation. On the question of putting the exchanges on a permanent basis, all the State Governments hold a unanimous view. The employment situation and the difficulties of searching all the avenues of employment under acceptable conditions, at an individual level, are obvious. The machinery of the exchanges, therefore, will be retained. It would appear that the State Governments are willing to lend full support to enable the exchanges to play an effective role by agreeing to fill the vacancies under their auspices, admittedly of course in spheres that are outside the ambit of the Public Service Commission, through the exchanges. The private sector figures in the picture as potentially the most important employer and it has always extended its co-operation by notifying in an increasing measure the scope of vacancies in private establishments. While it is undoubtedly essential that at least the entire organized component of the private sector should extend help to the exchanges by intimating the scope of vacancies, it would be too much to attempt to place any obligation on it to draw its new personnel only through the exchanges. The crux of deciding the future set-up, however, is decentralisation of the control and administration of the exchanges by large-scale transfer to the State Governments. On this vital issue, there appears to be considerable hesitation on their part to assume full responsibility. The state of suspense ought to be ended without needless delay to bring vitality to the efficiency of this employment agency.

MORE EXPORT PROMOTION COUNCILS

The Government of India proposes to establish an Export Promotion Council for pepper and cashewnuts; the Council would deal with both pepper and cashewnuts. Though the condition of the cashewnut trade is not in bad straits like that of the pepper trade, indications are that prevention will prove better than cure—later. A government spokesman who was explaining the functions of the proposed Council to representatives of the Malabar Chamber of Commerce and export bodies stated that the Council would mainly do propaganda for pepper in U.S.A., explore markets in other countries and maintain price stability. The Indian pepper trade was facing keen competition from Indonesia and Sarawak, and total Indian exports had dropped in value from Rs. 2322.3 lakhs in 1951-52 to Rs. 1606.5 lakhs in 1952-53, Rs. 1271.6 lakhs in 1953-54 and Rs. 433.4 lakhs during April-September 1954.

Pepper Exports (In Rs. lakhs)

Country	1951-52	1952-53	1953-54	1954-55 (Apr.-Sept.)
U.S.A. ..	1220.6	1062.0	737.3	288.5
U.K. ..	349.3	139.5	142.2	7.0
U.S.S.R. ..	193.2	44.7	92.6	55.6
Canada ..	85.5	75.7	59.3	..
Italy ..	95.1	89.2	58.8	21.7
France ..	52.7	27.9	35.3	2.1

The figures for West Germany, Turkey, Czechoslovakia, Belgium, Pakistan and Egypt which are among the other important markets for Indian pepper disclose large decreases, and indicate clearly the necessity for quick steps to rehabilitate the trade. The Government of India have recently reviewed the export duty on black pepper and have decided to reduce it from 30 per cent ad valorem or Rs. 65 per cwt., whichever is lower, to 15 per cent ad valorem only with immediate effect. It is assumed that this reduction will help the proposed Council in the implementation of its task. First reaction to the reduction in the duty in New York has been encouraging and the prospect of stepping up the offtake from India is being studied.

The condition of the cashewnut export trade appears to be not much better and after the striking progress made during 1952-53 the ground has been tragically lost. The total trade rose from Rs. 1051.2 lakhs in 1951-52 to Rs. 1297.7 lakhs and then fell to Rs. 1093.0 lakhs during 1953-54 while the figure for April-September 1954 is Rs. 575.2 lakhs. The cashewnut export position in value is indicated below:

(Rs. Lakhs)

Country	1951-52	1952-53	1953-54	1954-55 (Apr.-Sept.)
U.K. ..	202.9	278.9	197.9	49.3
Canada ..	20.6	51.3	48.3	20.9
U.S.A. ..	646.1	955.3	814.5	485.8
Australia ..	16.6	2.5	17.0	9.3
Others ..	18.5	9.6	15.3	9.7

The proposed Council is to be registered under the Indian Companies Act, and will consist of 25 members, 3 of whom will be nominees of the Central, Madras and Travancore-Cochin Governments, 4 representing the growers and the remaining 18 representing pepper and cashewnut dealers in equal numbers. The expenses of the Council are estimated at Rs. 1.50 lakhs of which the Centre will contribute Rs. 1 lakh; the balance is to be met by trade interests.

A PLEA FOR FORWARD TRADING

Mr. Gajadhar Somani's fervent plea for the restoration of forward trading in linseed and groundnut comes appropriately at a time when the trends in exports and domestic prices have provoked earnest consideration about their prospect in the immediate as well as long-range future. As President of the Western India Chamber of Commerce, which has lent its energies to the organisation of the forward market in linseed on a regulated basis, the claim which he pressed in his address at the Chamber's annual meeting last week merits full consideration. Even in the short-period context, India's export trade in these oilseeds has disclosed a steep decline. From total exports of the value of Rs. 32.6 crores in 1952-53, there was a precipitate fall in 1953-54 to Rs. 8.5 crores only. If corrective action is not taken promptly, the drift of this valuable trade towards virtual extinction cannot be halted. In 1953-54 India had a substantial share of 22.5 per cent (5.6 million tons) in the peak global production of the order of 25.25 million tons of oilseeds. Prices, however, are pursuing a downward course continuously in the last twelve months and it is impossible to restore stability in prices and order in the trade unless hedging facilities are provided. The stage has certainly arrived when a decision should be made on reopening of the forward market in these two commodities.

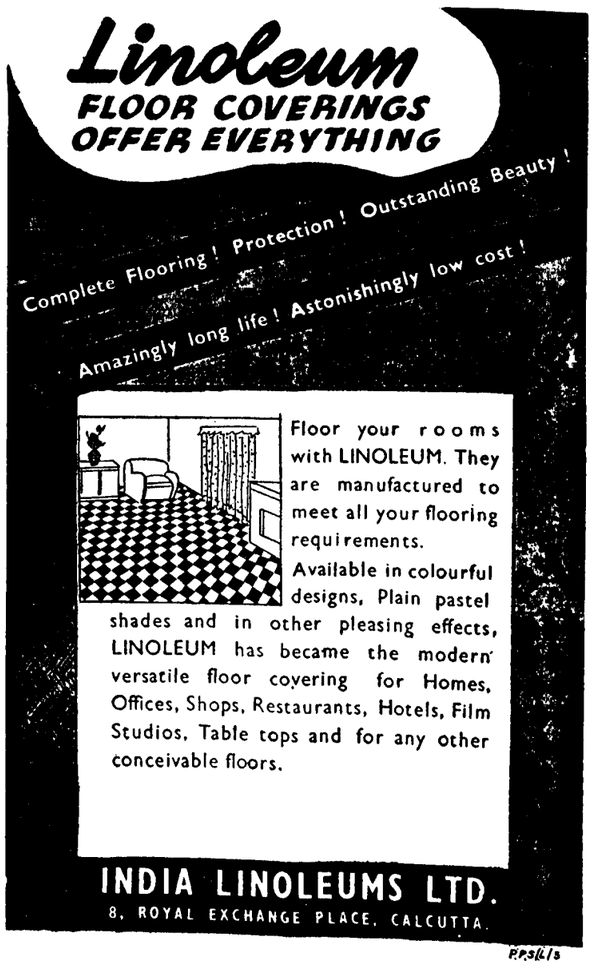
MYSORE KIRLOSKAR

Reviewing the progress of the Mysore Kirloskar Limited at the thirteenth annual general meeting, the Chairman, Mr. K. Narayanaswami, had the welcome reassurance to convey to the shareholders that the company emerged from the crisis of slump in the year 1953-54. Government factories and railway workshops constitute the consumers of the lathes produced by the company and their offtake has been satisfactory. The neighbouring export markets in S.-E. Asia and Middle East are being successfully tackled and the established trade in some countries like Burma is being revived. The recovery which has been staged has not, however, raised the overall position of the concern to the pre-slump level and development finance is needed to put through schemes of diversified output. The Chairman has drawn particular attention to the difficulties in procuring hard coke and he has urged that appropriate provision should be made in the second Five-Year Plan for establishing State-owned coke ovens. Transport bottlenecks inflict great hardship on this unit and requirements on the metre-gauge in the South are very poorly served. The Chairman has made specific mention of transhipment bottlenecks near Poona and at Bangalore.

ELECTRIC MOTORS

The electric motor industry has had a span of protection for the last seven years during which it recorded satisfactory progress. Its present protection expires in December 1955 and the question of its continuance beyond that period has come up for investigation before the Tariff Commission. The structure built by the industry so far promises to respond to the claims of development and in this context it needs to be remembered that the hydro-electric, irrigation and industrial projects in the Five-Year Plan will push the progressive rate of demand considerably higher. Out of the 12 units which have been submitting regular returns to the Commerce and Industry Ministry, 5 have entered into arrangements of joint participation with foreign concerns and their products compare equally with those of the collaborating firms abroad. The production performance of the remaining 4 units has been adjudged satisfactory, although room for improvement may be found in some respects as indicated at the open enquiry. The capacity of the 12 units has not been correctly assessed and the divergence between the estimates of the Development Wing of the Commerce and Industry Ministry, on the one hand, and the units themselves, on the other, is as wide as 200,000 h.p. and 343,139 h.p. on a single shift basis. Besides these 12 units, there are 3 other units in operation, but the data relating to them are not fully available. The industry has diversified its products considerably in the last five years. The question before the Tariff Commission is to what extent the coverage of production should be extended.

In the tariff enquiry of 1950, the Tariff Board had recommended an increase in the duty from 10 to 15 per cent ad valorem, but this suggestion was not accepted by the Government. The duty on component parts, with the exception of control gear, was raised to 20 per cent by the Finance Act of 1954. It appears from the opening speech of the Chairman, Mr. M. D. Bhat, that the demand for raising the duty has not been revived this time. But the industry has asked for protection for different objects for a period, ranging from 1 to 15 years. This claim, however, has not been clarified in the Chairman's speech. There is a request for continuance of the present limited restrictions on imports and also for removal or reduction in the import duty on raw materials which are not domestically available. The whole case is virtually for maintenance of the status quo, subject, of course, to enlargement of the scope of protection. The potential market at home underlines the necessity of offering this industry appropriate aid and encouragement.



COMPANY AFFAIRS

THE INDIAN OVERSEAS BANK LTD., MADRAS

The net profit of the Indian Overseas Bank Ltd., subject to audit, for the year ended 31st December, 1954, after providing for contingencies and expenses amounts to Rs. 15,60,391-1-5 including the sum of Rs. 2,25,270-12-6 brought forward from the previous year's account.

From this sum the directors have made the following allocations:

Provision for taxation	Rs.	7,00,000	0	0
Transfer to Reserve Fund	,,	3,50,000	0	0
The Directors propose to recommend to the shareholders at the next General Meeting payment of dividend of 6 per cent (free of tax)	,,	2,94,552	0	0
To carry forward	,,	2,15,839	1	5
TOTAL	Rs.	15,60,391	1	5

McLEOD & COMPANY, LTD.

The working results of the McLeod and Company, Ltd., for the year ended December 31, 1953 are satisfactory. Total sales for the year have gone by up Rs. 48.08 lakhs from Rs. 153.91 lakhs in 1952 to Rs. 201.99 lakhs in the year under reference. The salaries and wages are down by Rs. 8.47 lakhs to Rs. 7.86 lakhs while the stocks stand enhanced at Rs. 23.30 lakhs. The net profit which has been showing a downward trend since 1952 stands as low as Rs. 14.36 lakhs. The decrease in net profit has brought down the provisions for taxation and depreciation which stand reduced to Rs. 5.47 lakhs and Rs. 1.12 lakhs respectively. The General Reserve absorbs Rs. 2.00 lakhs as compared with Rs. 2.89 lakhs in the previous year. Ordinary dividend has been increased from 7½ per cent to 10 per cent per annum.

The fluctuations in the fortune of the Company during the last three years are outlined in the table below:

(In lakhs of rupees)

Year ended December 31,	1951	1952	1953
Sales	378.58	153.91	201.99
Stocks	8.50	9.08	23.30
Salaries and wages ..	17.20	16.33	7.86
Net Profits*	28.22	16.51	14.36
Provision for Depreciation	1.50	1.40	1.12
Provision for Taxation ..	10.70	5.50	5.47
General Reserve	5.00	2.89	2.00
Ordinary Dividend (rate per cent per annum)	12½	7½	10

* After providing for depreciation but not for taxation.

BRIDGE AND ROOF CO., (INDIA) LTD.

Results of the Bridge and Roof Co. (India), Ltd., (Managing Agents: Balmer Lawrie and Co., Ltd.) for the half-year ended June 30, 1954, are very encouraging. Sales for the half year showed a satisfactory rise, being nearly 30 per cent higher than those for the last half-year. The increase in turnover is reflected in the 'manufacturing and other expenses' and the bill for salaries and wages' which stand increased to Rs. 2.53 lakhs and Rs. 12.21 lakhs respectively. The net profit for the half-year under review stands as high as Rs. 2.53 lakhs as against Rs. 1.90 lakhs in the previous half-year. The directors have provided Rs. 48,829 for depreciation and Rs. 2.08 lakhs for taxation, Rs. 1.50 lakhs have been allocated to the General Reserve. The Ordinary dividend at the rate of 15 per cent per annum has been proposed absorbing a sum of Rs. 90,000. The carry forward for the half-year is Rs. 1.09 lakhs.

The working of the company during the last three half-years is summarised in the table below:

(In rupees)

Half-year ended	30-6-1953	31-12-1953	30-6-1954
Earnings	38,98,972	34,53,845	44,64,811
Stocks	5,17,314	4,99,226	8,46,605
Manufacturing and other expenses	2,62,960	2,45,518	2,52,887
Salaries and wages	12,04,795	11,65,518	12,21,282
Net Profit (after providing for debenture interest, depreciation and taxation)	1,17,330	1,89,926	2,53,429
Depreciation	49,448	50,188	48,829
Taxation	82,039	1,83,076	2,08,437
General Reserve	25,000	1,50,000	1,50,000
Ordinary Dividend (rate per cent per annum)	15	15	15

THE ELGIN MILLS COMPANY, LIMITED

The working of the Elgin Mills Co., Ltd. (Managing Agents: Begg, Sutherland and Co., Ltd., Kanpur) for the year ended September 30, 1954, reveals satisfactory results despite the difficult trading conditions prevalent in the Cotton Textile Industry during the year. Sales for the year under reference have moved up by nearly 4.4 per cent from Rs. 296.80 lakhs to Rs. 309.92 lakhs. Salaries and wages are lower at Rs. 76.16 lakhs as compared with the previous year. The year's net profit has increased by Rs. 10.39 lakhs to Rs. 38.28 lakhs. The Directors have provided Rs. 8,50,000 for depreciation and Rs. 12,00,000 for taxation, Rs. 7.00 lakhs (3.00 lakhs in 1953) have been transferred to Rehabilitation Reserve Fund. The ordinary dividend has been maintained at the rate of 10 per cent per annum.

The salient features of the Company during the last two years are tabulated below:

(In rupees)

Year-ended	30th September 1953	30th September 1954
Sales	2,96,79,553	3,09,92,254
Stocks	18,04,138	15,81,846
Salaries and Wages	79,23,002	76,15,815
Profit (before providing for depreciation, taxation and reserves)	27,89,071	38,27,853
Depreciation	7,50,000	8,50,000
Taxation	10,00,000	12,00,000
Reserve Fund	3,00,000	7,00,000
Ordinary Dividend (rate per cent per annum)	10	10

COMMODITY NEWS AND NOTES

RECORD AMMONIA OUTPUT IN SINDRI

The production of ammonia in the Sindri Fertiliser Factory in December 1954, touched the record figure of 8,164 tons, the highest figure for any month since the factory went into production over three years ago. The average daily production of ammonia was 263 tons. The production of ammonium sulphate during the month amounted to 29,350 tons. This was the second highest figure for any month. The highest production level was reached in October 1954, when Sindri produced 30,001 tons of ammonium sulphate. The coke oven battery, which went into production in August last and reached its rated capacity of 600 tons of coke per day within two months, has maintained that level of production.

CASTOR OIL EXPORTS

The Joint Chief Controller of Exports, Bombay, recently announced the licensing procedure for export of castor oil under the free licensing scheme. Besides declaring the quantity covered by the shipping bill, and the quantity already shipped under the free licensing scheme, shippers should also make a declaration that the quantity covered by shipping bills already filed and still valid at any port in India did not exceed 600 tons. Non-established shippers eligible to participate in the export of castor should also give the same declaration in respect of their maximum limit of 50 tons, every time they intended to make a shipment.

FERRO-MANGANESE PLANT IN M.P.

India's first ferro-manganese plant will be located in Madhya Pradesh. The Central Government has given the licence to a Bombay firm for the erection of the plant with American collaborators. The plant will have a capacity of 30,000 tons per year and is expected to be completed in about 18 months. Madhya Pradesh exports about 5 lakh tons of manganese, which forms about 60 per cent of the country's total export of the mineral.

MALAYAN TIN PRODUCTION, 1954

The Malayan tin production in 1954 is estimated at 3,000 tons more than the 1950, post-war record level of 57,537 tons, and about 4,000 tons more than in 1953. An all time peak was in 1940 with a production of 80,000 tons. Up to the end of November production had totalled 55,424 tons. This year's production, it is felt, would depend on prices. An important factor would be whether the International Tin Agreement will be brought into force or not as some five consumer and three producer countries have yet to ratify the agreement.

U.S. TEA CONSUMPTION

Mr. E. J. Vinnicombe, President of the Tea Association of the U.S.A., told tea interests in Calcutta recently that the present high price of tea and the stiff attitude of the market was causing considerable concern to people connected with the industry in America. Mr. Vinnicombe, who is on a tour of India, Ceylon and Africa, said that the five increases in tea prices since March had not yet been reflected in prices in America. But, he added there were already signs that the day was not far off when the American public would begin to feel the effect of these rises. He detailed the steps taken by the Tea Council composed of members from the producing countries and America—to popularise tea in the United States. Television had been found the best medium of propaganda for tea, he added.

EXPORT OF DRILL AND CELLULAR SHIRTING

The Government of India has decided to allow for export during the period January-June 1955, a further quantity of one million yards each of grey drill and cellular shirting processed in mineral khaki shade by outside processors, other than mills, according to a recent official announcement. A limited quota of cotton rags and hosiery cuttings other than those containing woollen, rubber impregnated, or bituminous fibre, which are on the Open General Licence, and khaki and olive-geen cotton cloth cuttings, which are licensed freely, has been fixed for export from Calcutta Port to all permissible destinations, excluding the Portuguese possessions in India, during January-June 1955.

FIRST ESTIMATE OF KHARIF CEREALS

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of kharif cereals (rice, jowar, bajra, maize and ragi) for 1954-55 puts the current year's area at 128.2 million acres, as against 135.3 million acres in the adjusted first estimate for 1953-54. This shows a decrease of 7.1 million acres or 5.3 per cent over last year.

The table below compares the area under the individual kharif cereals during the current year with the adjusted first estimate for 1953-54.

The decrease in acreage, as compared to last year, has been shared mainly by West Bengal, Bihar, Rajasthan and the Punjab and to a lesser extent by Bombay, Uttar Pradesh, Hyderabad, Pepsu, Saurashtra and Vindhya Pradesh. In West Bengal and Bihar, the decrease in acreage is attributed to heavy rainfall and floods in the northern districts of these States and drought in the southern districts. The decrease in acreage is also attributed to insufficient rainfall at the time of sowing in Rajasthan, the Punjab, Uttar Pradesh, Vindhya Pradesh and Pepsu, untimely and heavy rainfall in Hyderabad and diversion of areas under food grains to other crops in Saurastra. Andhra Madhya Pradesh, Madras, Madhya Bharat, Delhi and Kutch have, however, recorded increases in the current year's acreage due to favourable weather conditions at the time of sowing. The increase in Madhya Bharat is also attributed to more areas brought under cultivation during the current year. The present estimate covers the period generally up to the middle of October 1954. This estimate does not cover the entire area sown to kharif cereals. Past experience has shown that the area at the first estimate stage forms roughly 90 per cent of the area under rice, maize and ragi, 60 per cent of the area under jowar and 85 per cent of the area under bajra finally reported.

Kharif Cereals	1954-55 (First Estimate)	1953-54 (Adjusted First Estimate)	Increase (+) or Decrease (—) of Col. (2) over Col. (3)	
			Absolute	Percentage
Rice	62,630	67,823	(—) 5,193	(—) 7.7
Jowar	26,366	27,009	(—) 643	(—) 2.4
Bajra	25,174	26,629	(—) 1,455	(—) 5.5
Maize	8,927	8,825	(+) 102	(+) 1.2
Ragi	5,045	4,981	(+) 64	(+) 1.3
TOTAL	128,142	135,267	(—) 7,125	(—) 5.3



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954 ..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March „ c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April „ c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ c ..	343.2	441.0	355.6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July „ c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100 5	88.4	118.2
November „ c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
Week Ending										
4-12-1954 ..	316.9	442.0*	348.3	377.9	585.1	369.4	90.3	100.9	88.2	112.9
11-12-1954 ..	318.4	438.4	348.3*	375.1	583.4	368.5*	90.3	100.7	88.3	113.4
18-12-1954 ..	317.4*	432.6	346.6	374.3	576.1	366.6*	90.4	100.7	88.1	114.2
25-12-1952 ..	319.3	432.4	346.5	374.2	574.2	367.1	90.5	100.7	88.5	114.2

†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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	—	134	—	145	143	—
November	—	—	—	139	325	387	—	—	—	—	—	—
December	—	—	—	135	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 8-1-1955			1-1-1955			25 12-1954			18-12-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	89- 4	88- 2	88-11	88-13	87- 9	88- 7	88-10	87- 10	88- 3	88- 1	87- 0	87- 9
Silver (per 100 fine tolas)	155- 6	153- 3	154-12	155-10	154- 4	155- 1	155- 6	152-14	153-14	154- 9	152- 5	153-11

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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
May 1954	1,220,26	25,62	1,245,88	40,02	688,15	728,17	58.45	96,49	417,75	1,245,88
June ,,	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
Week Ending										
26-11-1954	1,161,89	26,03	1,187,93	40,02	623,15	663,17	55.83	107,01	417,75	1,187,93
3-12-1954	1,182,37	14,33	1,196,71	40,02	633,15	673,15	56.25	105,79	417,75	1,196,71
10-12-1954	1,212,05	13,45	1,225,51	40,02	663,15	703,17	57.38	104,59	417,75	1,225,51
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95
24-12-1954	1,195,62	30,88	1,226,51	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51
31-12-1954	1,200,49	26,01	1,226,50	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
May 1954	93,14	20,61	43,30	46,10	203,15	28,47	241,62	25,90	10,11	65,23	1,12	57,83	71,91	9,51
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	18,58	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
Week Ending														
26-11-1954	78,62	17,79	79,09	34,27	209,77	19,38	239,16	26,40	4,45	97,89†	94	13,20	87,82	8,46
3-12-1954	69,66	11,82	76,29	34,34	192,12	19,51	221,62	14,57	6,06	89,62†	80	14,59	86,99	8,99
10-12-1954	67,80	7,73	65,66	34,59	175,78	23,76	209,54	13,75	7,08	69,40†	2,67	20,37	87,13	9,13
17-12-1954	62,76	11,64	67,57	34,66	176,64	16,18	208,71	26,68	9,13	70,26†	1,92	15,12	76,41	9,19
24-12-1954	62,53	13,72	66,92	34,23	177,41	16,60	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59
31-12-1954	54,89	16,74	69,13	34,39	175,15	16,85	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65

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

EMPLOYMENT OF INDIANS IN FOREIGN CONTROLLED COMPANIES

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

Nature of Business	1947				1950				1952				1954			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Banking ..	..	..	58	23	..	..	127	41	..	..	171	34	..	..	183	11
Insurance ..	..	..	54	11	..	..	84	6	..	..	111	3	3	..	132	2
Transit & Transport	49	44	28	23	68	34	88	16	81	43	113	19	86	7	132	16
Automobiles etc. ..	19	14	27	7	35	8	75	9	41	9	87	10	33	3	62	2
Printing Publishing etc.	11	8	33	17	27	4	55	3	47	..	77	5	67	..	163	4
Chemicals Dyes etc. ..	30	12	113	26	77	8	205	13	133	11	289	13	314	6	380	7
Metals etc. ..	24	4	19	2	43	1	38	7	62	..	51	2	110	4	79	..
Machinery, Tools etc.	286	92	142	22	550	62	263	15	725	48	361	13	9		540	16
Leather & Rubber Mfrs.	96	36	72	1	127	9	162	24	167	5	235	2	264	4	244	3
Public Utility Cos. ..	64	3	12	2	106	3	15	1	146	..	15	..	178	..	20	..
Managing Agencies ..	26	13	182	64	49	6	312	51	63	13	410	32	104	8	484	28
Agents, Merchants, etc.	42	33	107	106	74	14	283	76	104	14	361	74	170	8	599	47
Cotton Mills & Presses	61	32	10	10	105	11	27	5	109	2	31	1	160	1	68	2
Jute Mills & Presses ..	35	167	18	6	80	97	35	5	123	36	48	2	143	8	77	2
Planting Cos., etc. ..	7	109	49	385	31	105	114	440	45	98	174	411	43	69	31	220
Coal Cos. ..	49	24	16	5	76	2	45	2	84	2	52	..	121	..	34	..
Oil Cos. ..	105	46	96	24	161	10	165	16	242	1	207	6	387	11	258	2
Other Minerals ..	30	124	19	13	79	92	56	11	94	52	59	5	118	33	67	2
Sugar and Breweries ..	10	7	5	6	26	2	10	7	32	7	9	3	21	..	27	4
Other Cos. ..	97	35	124	60	179	33	186	50	253	26	255	31	258	31	280	29
Total ..	1,041	803	1,184	813	1,893	501	2,345	798	2,551	367	3,116	666	3,536	253	3,960	397

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

Nationalities of non-Indians during 1947-52 *and* 1954

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

Employment of Indians in Foreign Controlled Firms

Employment of Indians and Non-Indians in Foreign controlled firms in salary group of

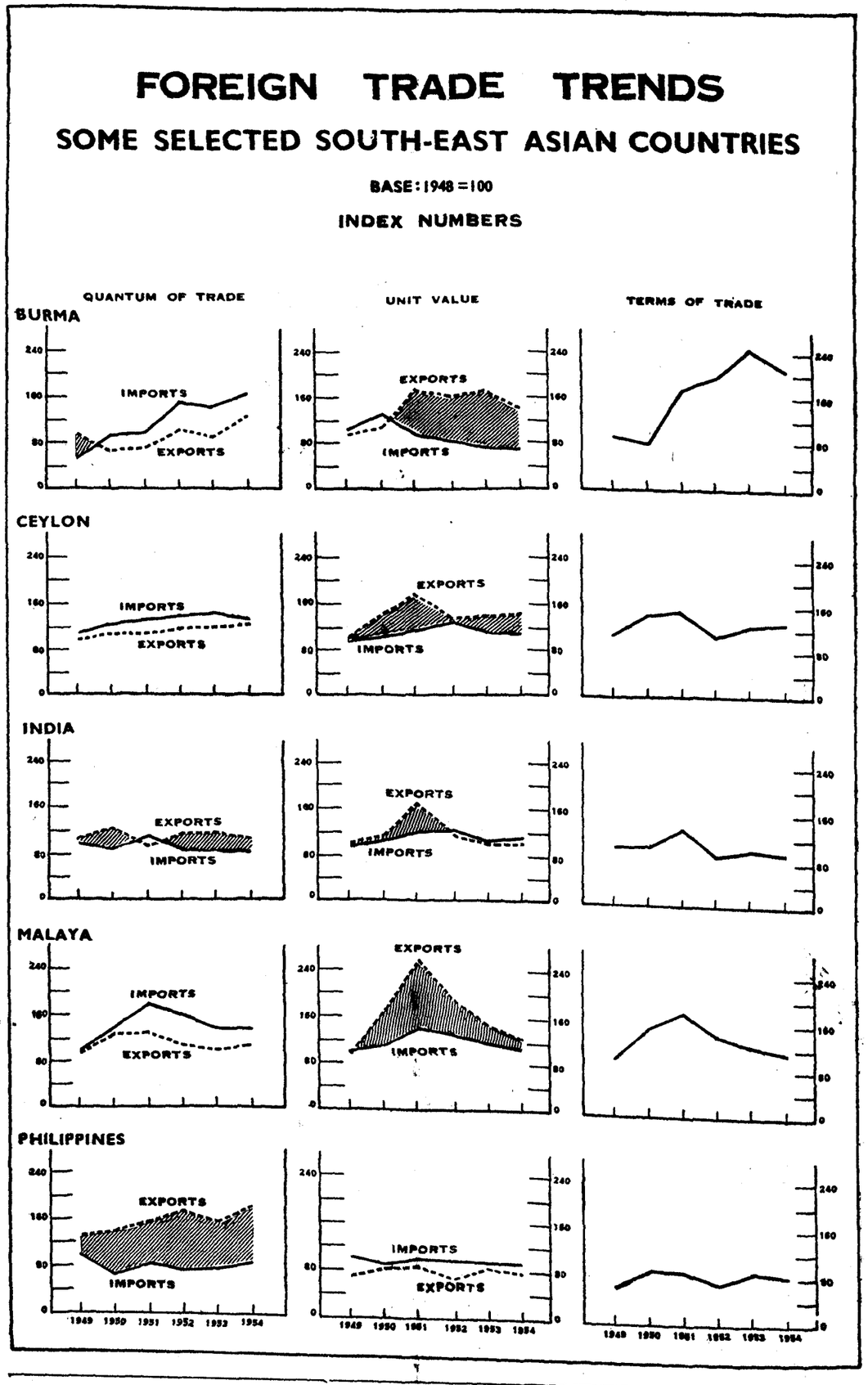
Rs. **1000**, *and above*

Nature of Business	1947				1950				1952				1954			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Banking ..	..	..	8	267	..	..	35	277	..	..	52	293	..	..	88	338
Insurance ..	..	..	20	140	..	..	38	156	..	..	61	161	3	2	89	143
Transit & Transport	12	129	4	67	24	167	19	87	43	166	32	83	54	135	42	84
Automobiles etc. ..	3	29	13	46	19	37	18	43	24	44	34	37	12	20	19	16
Printing Publishing etc.	2	20	17	78	3	36	34	84	6	32	48	82	11	47	89	99
Chemicals etc. ..	11	99	20	188	27	144	75	216	48	154	127	226	103	192	207	232
Metals etc. ..	..	47	--	32	12	56	13	37	24	58	27	40	38	46	38	45
Machinery, etc. ..	38	473	32	241	128	572	100	286	218	607	165	285	299	628	226	273
Leather ..	7	88	25	82	24	94	41	81	30	83	86	71	77	83	106	48
Public Utility Cos. ..	10	61	4	17	33	58	16	15	49	59	20	16	68	55	22	12
Managing Agencies ..	7	144	62	511	18	157	166	555	28	160	216	575	42	160	302	574
Agents, merchants ..	6	73	31	392	21	144	100	565	45	149	135	539	99	197	246	570
Cotton Mills etc. ..	2	80	..	38	23	101	3	43	36	109	10	46	58	102	21	49
Jute Mills etc. ..	3	469	6	49	16	594	17	65	33	615	24	71	48	444	23	159
Planting Cos. etc. ..	3	167	8	703	4	198	27	831	12	227	67	876	15	252	89	868
Coal Cos. ..	13	59	9	30	26	59	15	33	36	56	17	35	81	78	13	16
Oil Cos. ..	23	150	32	232	59	167	72	219	103	156	155	225	167	164	269	258
Other Minerals ..	1	195	2	44	16	108	5	50	34	140	22	54	39	114	25	44
Sugar & Breweries ..	2	48	..	11	7	57	2	10	9	56	3	12	9	29	5	13
Other Cos. ..	20	210	48	235	53	231	97	238	83	247	128	259	65	211	139	213
Total ..	163	2,441	341	3,403	513	2,980	893	3,891	861	3,118	1429	3,986	1288	2,959	2058	4,049

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

CENSUS OF MANUFACTURING INDUSTRIES, 1952-ELECTRIC LAMPS

Item		West Bengal	Bombay, Uttar Pradesh and Bihar	TOTAL
1. Number of factories employing 20 or more workers and using power—				
a. In existence		5	4	9
b. From which returns were received		5	4	9
c. Percentage of (b) to (a)		100	100	100
2. Average number of days worked		295	297	296
3. Productive Capital employed—				
(a) Fixed Capital—				
i Land	Rs.	3,61,444	5,29,594	8,91,038
ii Buildings	Rs.	19,87,251	29,62,829	49,50,110
iii Plant and machinery	Rs.	20,49,576	47,76,861	68,26,437
iv Other fixed assets	Rs.	2,48,352	1,75,582	4,23,934
TOTAL ..	Rs.	46,46,653	84,44,866	1,30,91,519
(b) Working Capital—				
i Stocks of raw materials	Rs.	19,70,153	13,83,975	33,54,128
ii Stocks of finished products and by products ..	Rs.	6,12,252	7,70,225	13,82,477
iii Semi-finished products in stock or in process ..	Rs.	50,985	1,11,220	1,62,205
iv Cash in hand and at the banks	Rs.	2,46,119	1,71,777	4,17,896
TOTAL ..	Rs.	28,79,509	24,37,197	53,16,706
Total productive capital ..	Rs.	75,26,162	1,08,82,063	1,84,08,225
4. Number of persons employed				
a. Workers		912	761	1,673
b. Persons other than workers		200	143	343
TOTAL ..		1,112	904	2,016
5. Salaries and wages paid—				
a. Workers	Rs.	10,50,575	6,64,501	17,15,076
b. Persons other than workers	Rs.	6,57,604	4,80,604	11,38,298
c. Money value of other benefits or privileges ..	Rs.	86,024	52,582	1,38,606
TOTAL ..	Rs.	17,94,203	11,97,777	29,91,980
6. Fuels, Electricity Lubricants, etc., consumed—				
(a) Quantity—				
i Coal	Ton	169	1,624	1,793
ii Electricity	K.W.H.	20,21,107	1,82,205	22,03,312
iii Lubricating oils	Gallon	1,112	475	1,587
(b) Value—				
i Coal	Rs.	4,135	52,119	56,254
ii Electricity	Rs.	1,05,498	12,264	1,17,762
iii Lubricating oils	Rs.	7,021	2,966	9,987
iv Others	Rs.	2,57,399	1,24,188	3,81,587
TOTAL ..	Rs.	3,74,053	1,91,537	5,65,590
7. Materials consumed—				
(a) Quantity—				
i Glass bulbs	No.	1,37,97,752	38,61,568	1,76,59,320
ii Glass tubings and rods	Lb.	2,61,632	1,80,842	4,42,474
iii Lamp caps	No.	,46,69,856	9,30,913	2,15,99,869
(b) Value—				
i Glass bulbs	Rs.	18,08,607	5,64,261	23,72,868
ii Glass tubings and rods	Rs.	3,50,592	2,28,231	5,78,823
iii Lamp caps	Rs.	7,62,534	4,03,476	11,66,010
iv Tunsten filament	Rs.	4,61,022	2,74,353	7,35,375
v Others	Rs.	19,98,104	9,66,317	29,64,421
TOTAL ..	Rs.	53,80,859	24,36,638	78,17,497
8. Amount paid to other concerns for work done for factories	Rs.	1,34,427	..	1,34,427
9. Production—				
a. Quantity—				
i Incandescent Filament Lamps other than Miniature Lamps	No.	1,17,26,023	66,69,288	1,83,95,311
ii Miniature Lamps	No.	17,72,265	..	17,72,265
iii Fluorescent Lamps .. — ..	No.	73,026	..	73,026
b. value—				
i Incandescent filament Lamps other than Miniature Lamps	Rs.	79,62,284	45,48,360	1,25,46,644
ii Miniature Lamps	Rs.	9,23,016	..	9,23,016
iii Fluorescent Lamps	Rs.	4,08,960	..	4,08,960
iv Others	Rs.	8,52,349	..	8,52,349
TOTAL	Rs.	1,01,46,609	45,84,360	1,47,30,969
10. Amount received from others for work done for them	Rs.	..	..	..
11. Value added by manufacture—				
i Ex-factory value of products and work done for customers	Rs.	99,22,722	45,52,274	1,44,74,996
ii Value at factory of materials, fuels, etc., consumed and work done for Insdutry by other concerns (Including the value of semi-finished products or finished parts manufactured earlier but consumed during the year).	Rs.	58,86,575	25,24,375	84,10,950
iii Depreciation	Rs.	2,57,735	4,93,055	7,50,790
iv Value added by manufacture [i-(ii+iii)] ..	Rs.	37,78,412	15,34,844	53,13,256



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. XXIV. NO. 3. NEW DELHI: JANUARY 21, 1955. ONE RUPEE

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A Policy for Rural Credit

RURAL credit has for long been a convenient theme for academic discourses. The subject has provided more scope than any other aspect of the Indian economy for many easy generalisations about agriculture and rural uplift. The conditions here did not seem to fit the patterns which could be easily understood by the economist or administrator or to suggest a solution which seemed practicable in terms of implementation at the official level. The problem is not less complex today than it has ever been. That, at any rate, is the immediate conclusion suggested by a reading of the bulky volumes of the Report of the Committee of Direction, All-India Rural Credit Survey. It would be untrue to state that the Committee has made it easier for the problem to emerge now into the realms of practical policy. The Committee's labours have focussed the attention of the Government to the large dimensions of the problem. For the moment, the Government has also helped to dramatise its own interest and the recommendations of the Committee by the announcement of acceptance of the suggestion to nationalise the Imperial Bank. This nationalisation, however, is only one part of a more comprehensive policy now recommended to tackle the problem of providing finance for the operations of a growing agriculture and for the diversification of occupations in rural India.

The problem has long eluded convincing answers; there can, therefore, be little disposition to trust to short-cuts. But a beginning has now become quite imperative as part of the planning for economic progress. A satisfactory beginning has been made in agricultural development with the expansion of irrigation facilities, the supply of fertilisers, and the spread

of new methods of cultivation. The National Extension Service will carry a new gospel of self-help into rural India which, in time, could be expected to help an increasingly better use of available resources for agriculture. A new approach has been necessary in all these matters. The ideas and policies have to gather momentum and success is confidently expected when more fertilisers, seeds and techniques are made available. There are limitations in the short term to such availability. The desire now is to discover a new dynamic impulse which would contribute to a fuller and better utilisation of all the available resources. It cannot be disputed that the key to a new dynamism must be found in the expansion of rural credit by enlarging the facilities for its creation.

This is only an agreement in principle. The Five-Year Plan had visualised that the advances to cultivators through the institutional agencies should be steadily increased at least to Rs. 100 crores per annum by the fourth year. This was only a modest target, considering that even such increase, if achieved, would have provided only about 12 to 15 per cent of the total estimated rural credit and about 2 per cent of the total value of the agricultural product in the National Income. This target has remained on paper, unrealised except for a very meagre advance. However, production has not on that account greatly suffered because the seasons have been good during these years, the relatively flexible sources of private credit obviously sustaining this larger production. Even in China, where the dependence on State credit facilities is too close, the total credit supplied by the State banks last year is said to have amounted only to about Rs. 120 crores for a slightly larger cultivated area. The relative indifference of the public sector here has not been too detrimental. But the object of financing a steadily increasing volume of agricultural output is more than securing the additional production. The incentives to expansion have to be sustained by financing the storage and marketing of the output and by inducements to both medium and long-term private investments in agriculture.

The magnitude of this problem is best exemplified by the dimensions of the All-India Rural Credit Survey. The Committee, like all others before it, has been compelled to rely on the co-operative system. The failures of the past occurred in a particular social and political atmosphere which is now changing, however slowly. In those periods, ancillary policies like the community project schemes were absent to reinforce from other angles the spirit of co-operation. This would have been evident even if the Committee had not sought to establish it by an anthology of impressive testimonials of outside observers. Co-operation has to be given a fresh chance to prove itself, not merely for its value in filling the gap in rural credit but also as a method of organisation possessing other virtues helpful in developing the face of rural India.

It is, however, doubtful whether the Committee's approach to the problem in wholly institutional terms was justified. This approach was based on the belief that the professional money-lender, who now meets 45 per cent of the total credit needs, and the agriculturist money-lender, who supplements another 25 per cent, will never mend their ancient and exacting ways, though they are admittedly competent to operate according to the nature of the demands of the agriculturist and to the types of security he can offer on each occasion. Legislation could not, for obvious reasons, close the scope for abuse, just as food controls could not check blackmarkets when the supply position was short. It is only the availability of other sources of credit on liberal terms, without red-tape, delay and the rigid requirements of security that could greatly ease the supply so as to reduce the exactions of the professional money-lender. An attempt could have been made to assess how much of this easing of the credit supply would automatically occur in the course of the financing of development over the entire economy. The Rural Credit Survey was conducted in 1951-52 when procurement and price controls had frozen the channels of ordinary trading and restricted the freedom of marketing. The development of road transport has been steadily adding to the facilities for marketing of that still small proportion of the food crops not consumed at the site of production.

Money-lenders, professional or agriculturist, cannot long escape the assault that has begun from several sides on their exclusive domain. They cannot overlook the fact that the effect of development has been slowly to augment the security of the agriculturist borrowers. Nor can the agriculturist lender, hitherto keen on the foreclosure of his neighbour's lands, overlook the prospect of ceilings on holdings and other types of regulation which impair security of property rights. It may, however, be difficult to institutionalise these types of lenders. The expansion of credit in the economy as a whole and in the rural sector in particular may be trusted to bring about the natural correctives to their exacting ways. Meanwhile, co-operative institutions have to be developed with official patronage and guidance. The community projects will provide all the instruction necessary in trying new methods of co-operation; and when they succeed, it will not be the lack of supply of finance from institutions outside that will hinder their operations.

It is, therefore, difficult to agree that the nationalisation of the Imperial Bank is going to work a miracle in solving the problem of rural credit. This may be desirable on other grounds, especially for political or ideological reasons, but the functioning of this Bank on more liberal or progressive lines in opening branches or supplying funds is not precluded by its present constitution. The "integrated" structure recommended by the Committee visualises a host of institutions with confusing nomenclature and jurisdiction. The fear is that integration may succeed only on paper leaving confusion in actual working. It would have been worth while to have probed deeper into the causes of the progress made in co-operative credit in Bombay and Madras even under the old conditions. There is probably a sociological factor here involved which the Committee has not adequately stressed. The two States are shown in the Census Report to be areas where medium-sized villages and large villages predominate, whereas the small village is the rule in other regions. In these other areas the creation of multi-purpose societies may, perhaps, prove a better remedy than societies created exclusively for credit purposes.

The All-India Rural Credit Survey has served a large purpose by providing a resume of the problem in all its aspects, even though it is often too lengthy, involved and repetitive, and rather pompous in its terminology. The solution proposed is sound in its general outlines but on the practical aspects of implementation, it pins its faith on institutions and their ability to fulfil functions which cannot be defined by rules and regulations but must flow out of personal initiative. These institutions themselves would depend for their success on a more forward policy of credit expansion which would keep pace with the development of the economy as a whole; they are thus subsidiary to a bolder policy of development financing. The Committee's recommendations should not obscure the importance of this aspect of agricultural finance.

The State of the Nation

MR. NEHRU'S report to the All-India Congress Committee on his relinquishing the office of Congress President is not indeed an account of his stewardship of the Congress organisation in its ordinary sense. It is a description of the whole picture—of the vision as he sees it—of the Indian National Congress. The mission which the Congress set out to fulfil and the manner in which it has accomplished its great purposes is the background against which its future role has been drawn. There is nothing valedictory about Mr. Nehru's report; it was not his formal relinquishment of the command of the Congress which has seemed important. Mr. Nehru has described the 60th Congress session as a landmark and his report to the AICC provides a long justification of this description. There is pride in past achievement. There is no confusion over ends or hesitation about the means in the future. The dominating note is one of great confidence.

The report is notable for its exposition of the evolution of political thought in India. There is in the country today a feeling of "self-reliance which comes from great tasks undertaken and fulfilled and faith in the future destiny of our country and people." Three or four years ago, perhaps, people could not see the wood for the trees. The post-war inflation, food scarcity and the consequences of partition obscured much of the earlier achievement. With these hardships put out of the way, the country is in a position to realise that India's leaders who had worked mostly outside the government and in opposition to it, have handed down a theory of the means to solve tensions which has already proved and still promises to prove fruitful in various fields of endeavour. India's achievement of freedom, the integration of the Princely States largely through negotiated mergers, the abolition of feudal tenures and the astonishing success of Acharya Vinoba Bhave's Bhoodan have all established beyond doubt the general temper of the nation as a whole even more than that of its leaders who are enjoying political or moral supremacy. Even the relations now prevailing between India and Pakistan in spite of the acute differences of the last few years is a distinctive feature which would have been difficult to establish elsewhere under comparable conditions of tension.

This is a theme which can bear constant repetition in India. This technique of avoiding serious conflicts, even while asserting uncompromisingly our rights and interests as we understand them, has been eventually successful in most cases. The latest example of success of that approach has been the case of French India. The restoration of completely harmonious relations with the French is comparable to the growth of friendliness towards the British, almost immediately on securing independence after a struggle which involved many bitter phases. This policy is again on trial in respect of the Portuguese possessions but there is still a faith in tolerance which does not often make sense in the short run to outside observers. Mr. C. Rajagopalachari's latest exposition of this doctrine in relation to atomic weapons is in the authentic Gandhian tradition, though everywhere else it might sound rather unusual and possibly even flippant. This lack of full appreciation abroad is one which Indians have to contend with in expounding their approach. The suspicion and misinterpretation which are readily forthcoming may have to be borne as part of that price. It should not, however, induce a feeling of self-righteousness.

At the moment, some of this suspicion is in evidence in India's acceptance of the "pancha-sila" or the five principles of co-existence of different social systems without conflict. Just as peaceful satyagraha before the British power was not regarded in India as defeatism or as a sign of weakness, this determination to put the five principles to test is not regarded as a half-hearted step but as a positive policy in furtherance of co-existence. "While our policy has necessarily to adapt itself to changing circumstances", states Mr. Nehru in his report, "it is based on this strong foundation which does not change. Because of that, there has been a certain continuity in our policy and it has brought good results to us and has at the same time strengthened our people." The depth of the faith is here revealed, along with the clear indication that if circumstances change, the policy will not be slow to adapt itself. The strength behind this policy is not merely the steadfastness of any individual, however important. It derives its strength from a traditional faith in tolerance and not from expediency and self-interest as understood among groups and nations.

The value of Mr. Nehru's report to the AICC thus lies in its being an ex-cathedra interpretation of Congress philosophy and methods. In the same strain he has interpreted the purport of the new and rather sudden swing to socialism as the goal of the Congress administration. The implications have not been clear. There is a widespread belief that practical limitations will not be ignored and that no rigid doctrine will be imposed to the detriment of any group. The private sector must derive as much assurance as it can about its future role from the following passage in the report:

"We shall require a network of well spread out industries of all levels and types. It will, of course, always be open to the state to enter into any field for economic or social reasons, but in no event will it be in a position for a long time to come to cover the entire field of the nation's economy. As a matter of fact, land, which is the biggest industry of all in India, will remain essentially in the private sector. Small-scale and cottage industries will also remain largely in the private sector, though it is highly desirable to organise them on a co-operative basis. So also most of the lighter industries. It may be advantageous to allow some heavier industries to be organised by private enterprise, if the state is not prepared to assume that burden.

"If this is so, then we must adopt a healthy attitude towards the private sector, keeping always in view the main objective of achieving a socialist pattern and preventing the growth of any tendency which might come in our way later. The existence of state enterprise side by side with private enterprise may also prove healthy in the present circumstances as providing some kind of a competition between the two. We have to remember always that within the large framework that we lay down, the test always is fuller production and fuller employment.

"We are, I believe, on the eve of a great expansion in our industry. This will require a straining of all our resources to the utmost and we cannot afford to waste any. The financial aspect is important, but far more important is the training of personnel for the industrial revolution which is coming our way. The danger is that we may have to slacken our pace for lack of trained personnel. We have manpower enough and sometimes manpower can take the place even of capital. But, without trained manpower, we cannot go far. We have, therefore, in our planning, to think ahead and train an adequate number of persons for all branches of national activity."

The report is thus more a statement of policy than a rendering of account. Its weakness, however, is that it does not preclude other interpretations from time to time of the means, to attain the objectives here set out, especially when these means have to depend on others.

Perspectives in Education

IN the course of a candid review of the developments in the field of education at the 22nd meeting of the Central Advisory Board of Education, Maulana Abul Kalam Azad admitted that the progress of basic education was not only modest—there having been an increase of only about 2,500 basic schools throughout the country during the past four years—but also lacking in uniformity. The main reasons were lack of the right type of teachers, inadequacy of training facilities and the large initial cost of establishing a basic school. He particularly mentioned the dearth of proper teaching personnel in various crafts at every centre. When the idea of basic education was first mooted by Mahatma Gandhi in 1937 at a conference of educationists at Wardha, many people expressed wholesale belief in its practicability and necessity, and in 1946 the scheme was accepted as a policy of the Central and Provincial Governments. Soon after, however, many of the earlier enthusiasts, not having realised its full implications, began to express diffidence, and even the former Central Advisory Board of Education observed that, while it recognised that the scheme contained much "educational doctrine", it was convinced that the project's financial expectations, "even in the very doubtful event of their being realised under any circumstances, could only be realised at a cost of educational efficiency", which it was not prepared to contemplate.

Today these same apprehensions have been confirmed by Maulana Azad who referred to the large initial financial outlay in setting up a basic school, which will prove a serious limiting factor. There have also been warnings against deluding ourselves into the belief that "self-supporting workshop schools manufacturing and marketing goods will impart education". It may not be necessary for us to debate whether, in practice, the basic education scheme will not result in "legalised child labour" or whether it will provide scope for uniform and proper development of the child's faculties, if we assume that the system will be worked in the manner intended.

It should be borne in mind that there is a Constitutional obligation on the State for providing free and compulsory education to all children between the ages of 6 and 14. This does not necessarily mean provision of basic education in its present form. In fact the final, ideal type of basic education is yet to be evolved, and Gandhiji himself never claimed finality for his original scheme. The past few years' experience has shown that it is idle to expect that handicrafts on which children are required to work would bring any worth while return in terms of money to meet, even partially, the expenses of their education regularly. Apart from the ethics of children being expected to contribute to their own education, the very impracticability of the idea assumes added force in terms of higher education.

A basic school should only attempt a happy blend of the skill of the hand and skill of the mind, without undue emphasis on the former. Some crafts could be excellent aids to discipline of the mind but the final test of education at the primary level is not whether it fits children for a career but whether it fits them to understand the world about them and adjust themselves to it in due course.

How far the Government itself should have taken the initiative in implementing the basic education scheme is a debatable point. But it would have been better had the Government been satisfied, for the time being, with giving recognition to private schools and constructive workers, or providing grants-in-aid, for implementation of the system in its nascent stage, and had watched the results. Such an attitude would have been in conformity with Government's aloof but sympathetic attitude towards the Sarvodaya ideal or the Bhoodan movement. It was not incumbent upon the State to have adopted basic education itself as State policy, though many of its principles could have been incorporated into the system. At its latest meeting on January 12, the Central Advisory Board of Education appointed a separate Advisory Committee on basic education. This Committee would do well to visit all the areas where basic education is being tried and make an on-the-spot study of the developments.

Maulana Azad also confessed that, although secondary education is, in a sense, decisive in determining the quality of education both at the elementary and the collegiate levels, and also represents the stage which marks the end of education for the vast majority and prepares them for life, yet the present method does not fulfil the desired objective. The standards have been debased in the process of expansion of the numbers turned out. The high-school-leaving stage—which should mark the completion of education for the bulk of the population except for those desiring to specialise or join professional courses—is leaving the pupils inadequately equipped to face their problems and grow in responsibility and experience. If secondary education becomes an end in itself, the pressure on our universities will be automatically reduced. This should, indeed, be Government's determined aim, especially in view of the move to abolish the rules which exclude non-graduates—educated boys not possessing degrees —from entering Government service.

Maulana Azad also referred to the need to establish a large number of multi-purpose schools to rectify the lack of facilities for pupils with different abilities and attitudes. It is heartening to know that the Union Government has already initiated a scheme for the conversion of 500 high schools in the country into multi-purpose schools before the end of the present Plan period. The progress of the scheme may be expected to be carefully watched by the proposed Council of Secondary Education. The Central Advisory Board has now decided that the end of secondary education at 17 years should mark a terminal stage in education and prepare students for life. The Board has also recommended a three-year degree course and 17 as the minimum age for entry into universities. This is in line with the suggestion of both the Radhakrishnan Commission and the Mudaliar Commission. The Government of India, it is hoped, will comply with the Board's request to appoint a committee to draw up an integrated syllabus for the School Final Examination to achieve the above objective.

The problem is how best to maintain the virtues of a system that has grown up in the past while bringing about the drastic changes that are necessary to adapt education to a developing nation. The expenditure on education has to be counted as an intangible investment in human beings which should eventually be reflected in the strengthening of the social and cultural patterns which contribute most to their progress. There are yet only vague glimpses of this larger objective.

THE WEEK'S NOTES

ASIAN-AFRICAN CONFERENCE AND THE WEST

Misunderstanding abroad has been very much in evidence again over the Asian-African Conference to be convened in April next in Indonesia. Part of this perhaps arises out of the apprehension that the Conference is intended as an answer to the disregard of the bulk of Asian opinion involved in the establishment of a defence system under the Manila Pact. The dislike of that development is, of course, still there and cannot now be eliminated. But it would be unwise either for Asian or for Western opinion to regard the Asian-African Conference as a reprisal for that disregard of the views of the South-East Asian countries on this matter. Mr. Nehru has now defined it as "not an aggressive nationalism, but a strong urge to recover one's own soul and to be rid of outside control and interference...." The Conference is not aimed against any other country or group of nations and is not intended to form any bloc. It represents an urge for self-expression and the desire to know each other better and to co-operate with each other in the tremendous tasks which these countries have in common."

The invitation to China might have proved the most intriguing aspect of the Conference, alongside of the general exclusion of the Western-controlled governments with the exception of the Central African Federation. This distrust is not strange among countries which have consistently blackballed recognition of China by the United Nations. India, along with the other Colombo Powers, is now making a bid for inaugurating a positive policy of tolerance in international relations by associating China with the rest of the world. There is undoubtedly some resistance here involved to the policies of the West which have resulted in indirectly thwarting Indian policy from outside. There is a strong belief that such resistance would eventually prove fruitful not only for Asia but also for the rest of the world. This is a wider gathering than the unofficial Asian Relations Conference which was convened in New Delhi in 1947 to voice the aspirations of Asia. But the idea itself is not dissimilar and it would be wholly improper for Western opinion to give the impression that Asians cannot exercise any initiative in sponsoring them without their bona fides being challenged. The expression of such disquiet can only confirm the suspicions that still remain in Asia about Western policies and influence. The exertion of Western influence as now suggested, for the discouragement of countries directly under the Western aegis from participating in the Conference, could only strengthen, not diminish, the distrust of Western motives created by earlier errors in approach in dealing with the problems of this region.

AUDIT AND ADMINISTRATION

Mr. A. K. Chanda, Comptroller and Auditor-General, made a survey of the whole field of relations between audit and administration last week which was an excellent summing up of the problems facing him. He categorically stated that audit was not an inquisition and that its mission was not one of fault finding or "showing-up" the administration. This assurance was necessary and timely, particularly in the light of the attitude taken up by audit recently in dealing with the accounts of the Industrial Finance Corporation. In this case, the legitimate exercise of discretionary powers was shown up as if the matters involved serious irregularities—an intolerable situation for any administrator to be in. The promised reorientation of audit attitudes will, one must hope, come quickly so that practice accords well with the sound precepts which Mr. Chanda prescribed for his department. The response from officialdom, which he sought in order to make it a success, may not long lag behind such reorientation.

The theme of separation of audit from accounts had been a recurring one in the utterances of Mr. Chanda's predecessor in office, but now it has been combined with some practical decisions. The two functions have been recognised to be incompatible and there is British practice to support the principle of creating accounting systems under each department. The transition may, however, present problems and once the principle of separation is accepted, there seems to be no reason for haste. The proposal for centralised transfer of the accounting structure to the Finance Ministry need not be rejected out of hand in the name of effecting structural changes, however desirable that may be. Anyhow, it has been proposed to start with three departmental Accounts Officers for Supply, Food and Rehabilitation in the next financial year. As Mr. Chanda pointed out, having created the office of Comptroller, as in the U.K., it was necessary to change the structure in a similar manner so as to enable the discharge of the function attached to this office of seeing that departments keep within the appropriations made by Parliament.

Deploring the excessive concentration of financial control, Mr. Chanda said:

"If an overall assessment of the waste of manpower and resources attributable to this concentration of authority were to be attempted, it would, indeed, present a staggering picture. It would also establish that even in terms of money, any small savings secured by a system of checks and counter checks at various levels by executive, administrative and financial authorities have been more than counterbalanced by heavier expenditure on overheads whenever there has been a hold-up."

This will be widely endorsed and we must watch for the translation of these principles into practice.

THE CHALLENGE IN ANDHRA

With the closing of the nominations and the sounding of the battle-cry by the Prime Minister in Andhra, the stage is well set for the first trial of strength between the democratic parties and the Communists in that State. The frustration over the formation of a separate Andhra which until 1952 operated in many ways to undermine the Congress position is now eliminated. There is now a United Front of the non-Communist parties, which will function as a united party after the election, removing all the causes of uncertainty in ministry-making which in 1952 led to strange alliances. Out of 20.6 million people, in the eleven districts, 11.37 million will go to the polls to elect 196 candidates from 167 constituencies. Evidence of the keenness with which the elections will be fought has been shown in the initial nomination of 947 candidates of whom 576 are now left in the field after rejections and withdrawals. The number of Independents at 175 must be regarded as high especially after the discouraging experience of the unattached candidates in 1952. This is nearly as much as the candidates of the United Front (185) and the total of other opposition groups, Communists (169), P.S.P. (41) and Jan Sangh (6). There is the undesirable possibility of the Independents splitting the United Front's vote on the basis of the personal prestige of the candidates, enabling the Communists to succeed.

There will be straight fights in 78 constituencies, which will, however, provide a sample of the voting

when third parties or Independents do not distort the picture. The anxiety will relate mostly to the 65 triangular contests and the 34 quadrangular contests. Five contestants in each of 10 constituencies and six each in five constituencies will introduce sufficient confusion as to make any forecast impossible. Some excitement will be added in the few areas in which members of the same family are fighting on different tickets. There are only 7 women candidates, which is again proof of the extreme seriousness with which the election is now being fought by all the parties.

POPULATION IN COMMUNIST PERSPECTIVE

In Moscow, the drive to enlist settlers to develop virgin land in Kazakhstan and Altai seems now in full swing. At a meeting of Komsomols early this month, N. S. Krushchev, the First Secretary of the Communist Party, declared the Government's determination to plough and sow 20 million hectares this year and another 10 million next year. Exhorting the Soviet youth to go to empty spaces where there are no dwelling houses and other daily necessities are not available, he asked them to settle there firmly, once and for all. "And for this" he added, "it is a good thing that you should get married there." Then follows the following discourse on population which can be reproduced without comment:

"What's a married man? It's a man who wants to raise a family and to settle down firmly in a new place. And the man who settles down in life as a married man is a good citizen. The more people we have the stronger will our country be. Bourgeois ideologists have invented many barbaric theories, including the theory of overpopulation. They're racking their brains as to how to reduce the birth rate and to limit the increase in population. Things are different with us, comrades. If we could add just another 100 million to our 200 million, even that wouldn't be enough!"

Those who talk at great length about the various welfare services provided to Soviet workers condemned to battle with the virgin land and the frost should ponder on the implications of Krushchev's following injunctions for simplicity:

"You are off to develop new lands, and that's a good thing. There's a lot of building to be done there. It's true that there is no timber in a number of the regions where the virgin lands will be cultivated, but take the Ukraine, take our Donets regions. You'll find Ukrainians living in adobe cottages. I used to live in one myself—it's warm in winter and always cool in summer. That's its advantage.

In Kazakhstan, where many of you will be going, there are quite a number of lakes. The Republic has very rich growths of reeds. This is wonderful material for building dwellings and various farm premises. One must only use it ably. You'll have to settle down on the new lands in Kazakhstan and the houses must be well built there. You can do this. True there may be an earthen floor during the first stages. It can't be helped. We'll put down wooden floors in time. Moscow, as the saying goes, wasn't built in a day."

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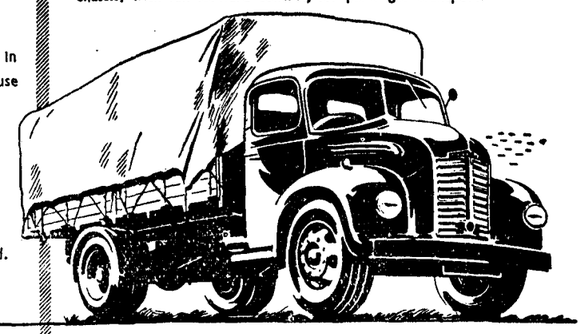
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WORLDGRAM

TRADE

Gasoline and Diesel Oil Shipped from Bombay: An oil tanker carrying gasoline and automotive diesel oil from the Stanvac Refinery left recently for Cochin, Madras and Calcutta from Bombay. This marks the first time that petroleum products were shipped out from Bombay, and refined products at that. It will also be for the first time that a shipment of refined petroleum products made in India from the Stanvac Refinery at Bombay will be received at these ports of call.

*

U.S. Plan for Private Financing of Trade: A 128-member advisory committee including leaders in industry, labour, banking and agriculture, in a report submitted to the U.S. Senate Banking Committee, have recommended that: (1) Private U.S. capital take over the major share of financing economic development abroad. (2) Government lending abroad supplement, and not compete with, private investment. (3) Currency convertibility to allow easy exchange of dollars and foreign currencies. (4) Lending authority of U.S. Export-Import Bank not be limited as to form or type of loan but only by sound banking practices and national interests. The advisory committee urged easing of tax laws on income derived from foreign investments, permission to U.S. companies doing business abroad to operate under the regulations of the host countries and consideration of the possibility of guarantees against political risks.

*

Foreign Exchange for Pakistan Imports: Foreign Exchange allocations for imports into Pakistan for the shipping period January-June, 1955, have been doubled as compared to the previous half-year. It is stated that commercial goods worth $75 million are to be imported under economic aid as part of the total allocations. These items include long-staple cotton, cotton-seed oil, linseed oil, tobacco, tallow, wool-tops, iron and steel, chemicals, drugs and medicines, petroleum products, non-ferrous metals and vehicles. In addition, consumer goods are to be imported against barter deals with rice. Goods thus imported are expected to bring down prices in the country considerably. This policy is reported to be more liberal since cancellation in 1951 of the open general licence; the removal of restrictions on sterling and dollar areas in matter of imports is likely to help bring more goods into the country.

*

Sales Under International Wheat Agreement: Under the International Wheat Agreement, Canada is the leading wheat exporter of the world on a percentage basis. According to the Canadian Wheat Board, up to December 15, 1954, Canada sold 77.99 million bushels. This is nearly half the wheat supplied to the 43 countries of the Agreement, and represents 51.68 per cent of Canada's guaranteed quantity to be marketed during the 1954-55 crop year. Up to December 10, the U.S.A. sold 63.72 million bushels or 32.89 per cent of guaranteed quantity and 36.56 per cent of total sales by exporting countries. Australia sold 31.16 million bushels or 72.48 per cent of her guaranteed quantity and 18.46 per cent of world sales under the Agreement.

FINANCE

Foreign Investments in West Germany: Regulations governing investments by foreigners in West Germany issued recently specify that investments may be made by (1) using liberalised capital marks; (2) assets or services such as machinery, patents, working methods or other technical services; and (3) by using foreign exchange. The liberalised capital marks may be used for the purchase of West German Securities issued in German currency traded on West German stock exchanges or used for granting domestic credits in marks for a minimum period of 5 years at a maximum interest of 4½ per cent and for payment of building or rebuilding costs of properties owned by holders of liberalised capital mark accounts. Such investments require no special authorisation. Investments through assets or services must be approved by the Government of the West German State. Foreign investors intending to use foreign exchange for their investments are recommended to purchase a corresponding amount of liberalised capital marks. The import of freely convertible foreign exchange amounts will increase West Germany's foreign debts and will be approved only in exceptional cases. Earnings from all three categories of foreign investments may be freely transferred to the country of origin of investment.

*

Release of Sterling for Egypt: It was disclosed recently that the U.S. Treasury released £15 million from Egypt's blocked sterling balances. Later it was revealed that the U.K. authorities intended to help Egypt plan her sterling import, during 1955, well in advance as provided for by the 1951 agreement. The 1951 agreement provides for an annual release of £10 million and an additional £5 million whenever Egypt's current resources fall below £45 million. In recent years the U.K. had exercised the right to hold up the releases until later in the year. Since the settlement of the Suez Canal Zone dispute, economic co-operation with Egypt has been facilitated to a greater extent than when political relations were strained.

*

$3,000 Million U.S. Aid Plan: The U.S. President was expected to propose a foreign economic and military aid programme of about $3,000 million with heavy emphasis on military funds in his Budget message to Congress on January 17. The greater portion of this aid will be earmarked for Asia and the Far East. About $1,120 million worth of military aid is expected to go to Formosa, Indo-China, Thailand, Pakistan and the Philippines, if the U.S. Congress approves. The balance will go towards economic aid to Asia, and military and economic aid to Western Europe, Latin America, Africa and the Middle East. In recent years economic aid to Western Europe has been cut drastically, but it is expected that special programmes, with money from carry-over funds, will be continued for Yugoslavia, Turkey, Spain and Greece.

*

The State of West German Economy: Leading authorities forecast a continuing expansion of Germany's trade in 1955. Taxation has been lowered, durable consumer goods are in growing demand, expansion of plant is proceeding and rearmament orders are anticipated. Indications are that tariff rates will be lowered and imports liberalised further to prevent any boom symptoms. During the last few years, a steady 20 per cent of the national product has been invested (taking fixed assets, excluding stocks). During 1954 the rate of investment at 31,000 million marks was approximately 21 per cent of the gross national product. Financing of investment on the open capital market has become easier; and the capital market rate has declined from 8.5 to 7 per cent. During 1955, taxation has been lowered with effect from January 1. Equity issues this year are estimated at the record figure of between 500 and 1,000 million marks.

*

Warning of Inflation in Australia: The Australia and New Zealand Bank in their latest quarterly survey state that pressure points are appearing in the Austra-

lian economy at which inflation could become dangerous. In foreign markets the outlook was not happy and prospects for Australian rural product had deteriorated. The rise in imports corresponds to internal activity and was an indication of a high internal cost structure. With the reduction in rural incomes, purchasing power would contract and lead to accumulating stocks with merchants. The banking system would thus check the full impact of the adverse balance of payments and maintain equilibrium in the economy. Credit facilities will be extended only where necessary; interest rates are also expected to be raised. It is indicated that during the year (1955) tighter import restrictions will be enforced.

*

Capital of U.S. Firms in Third Quarter: The net working capital of U.S. corporations advanced to a record total of $95,300 million at the end of September, 1954. The Securities and Exchange Commission state that the working capital increased in the quarter by $1,100 million as against an increase of $1,300 million in the previous quarter. Corporate liquidity improved slightly and amounted to 55 per cent, the highest since mid-1952. Corporate inventories declined to $65,100 million at the end of September—indicating a decline of $400 million in the quarter—the lowest level in 2 years. Corporations invested $5,500 million in plant and equipment, and increased their working capital by $1,100 million. They obtained three-fourths of the $6,600 million total from retained earnings and depreciation accruals. A net $1,400 million was raised from new bond issues and $300 million from new stock offering.

*

Indo-Canadian Hydro-Electric Project for Assam: An agreement under which Canada will assist in the implementation of the Rs. 15 million Umtru Hydro-electric Project is included in the First Five-Year Plan. The Canadian contribution to the project will consist of engineering services and electrical equipment at an estimated cost of Canadian $1.2 million (about Rs. 5 million). The Canadian Government has also agreed to cover rupee expenditure on the project up to Canadian $2.1 million (about Rs. 10 million). This contribution will be made available from the rupee sale proceeds of Canadian industrial raw materials provided to India under the Colombo Plan. Technical and administrative arrangements for the Umtru Project have already been discussed by Canadian consulting engineers and the Indian Central Water and Power Commission. The total area expected to benefit from the project extends over 1,000 sq. miles serving a population of nearly one million people. Benefits will be in the form of hydro-electricity for irrigation and land reclamation purposes, for existing cottage and small-scale industrial establishments and for the development of new industries in the area. The project covers both the civil works and opening of hydro-electric power stations. Three generators of 2,500 KW each are expected to be installed at the site of the project which is likely to be completed by the end of 1956.

INDUSTRY

U.S. Steel Output in 1955: It is estimated that U.S. steel production during 1955 will total 95 million tons—the fourth highest tonnage ever produced by the U.S. Steel industry. The Chairman of the U.S. Steel Corporation recently stated that he expected 1955 to be a good year not only for the steel industry, but for nearly all sections of U.S. business. He is reported to have stated that the anticipated steel output, would be 7 million tons above 1954 production and some 10 million tons above the average annual output during the last war.

*

World Tinplate Production: World tinplate production in the three years 1951, 1952 and 1953 is set out in the table below:

(Long tons)

	1951	1952	1953
U.S.A.	3,965,233	3,618,235	4,269,543
U.K. ..	636,400	761,700	699,600
Canada ..	246,142	234,400	213,058
France ..	129,141	141,984	192,068
West Germany ..	178,882	164,252	140,600
Italy ..	57,934	27,611	19,388
Netherlands ..	..	..	6,406
Others ..	402,300	404,800	428,300
World Total ..	5,616,000	5,353,000	5,969,000

*

Export Record for British Plastics Materials: The British plastics industry is likely to have established a record export year during 1954. Exports of plastics materials for the 10 months of 1954 amounted to nearly £17,500,000, which is already nearly £1,000,000, more than the value for the whole of last year (over £16,500,000), when exports reached their previous highest level. The materials exported include such items as moulding powders, resins, sheet, tube, rod, and foil, but exclude manufactured articles and parts.

*

Annual Coal Consumption by U.K. Industry: In a recent study of the amount of energy wasted in U.K. industry it was revealed that of the estimated current average coal consumption by U.K. industry of 63 million tons it is stated that Iron and Steel takes 22.5 per cent; Textiles 14.6 per cent; Clay 10.3 per cent; Engineering and Metal Trades 9.4 per cent; Chemicals 8.3 per cent; Food and Drink 8.3 per cent; Paper 6.6 per cent; Cement 4.5 per cent; Glass 2.3 per cent; Laundries 1.9 per cent; China and Earthware, Rubber and Line each 1.4 per cent; Petroleum and Tar, Allied chemicals trades, Salt-mines and works, other Textiles, Leather and Miscellaneous industries each 8.2 per cent.

*

European Chemical Industries' Rapid Growth: According to a Survey by the OEEC Chemical Products Committee, production from the European chemical industries has increased during the last three years since 1950, in Italy, Germany, Belgium and U.K. by 57, 43, 22 and 22 per cent respectively. Before the war OEEC countries' production was about 50 per cent of world output, in 1951 it had faller to about 25 per cent, and the USA's ratio had risen from 30 to 40 per cent of world production. Development of the chemical industry has not been uniform, though substantial progress has been achieved in organic (acetone and phenol) and inorganic (chlorine and synthetic ammonia) chemicals. The petroleum industry is a growing source of basic chemicals for the manufacture of plastics, synthetic detergents; with extensive plants in the U.K., France, Germany, Italy and the Netherlands. Investments in this sector have risen from $240 million in 1953 to $260 million is 1954; investments are expected to rise by a further 80 per cent by 1957. In the plastics and fertiliser sectors, the dye-stuffs industry maintains its pre-war level, but production by OEEC countries has fallen from 50 per cent in 1937 to 37 per cent of world production. Soap and detergents show contrary development, consumption of synthetics is rapidly increasing, while the soap industry is losing its traditional customers.

*

U.K. Coal Output in 1954: Total U.K. coal output during 1954, is estimated at 223,795,100 tons compared with 223,519,000 tons during 1953 and 224,780,000 tons in 1952. While coal output has shown little change, domestic requirements have risen to record levels. Over the first 50 weeks of 1954, 205.3 million tons were used in U.K.—over 5 million tons more than in 1953. Operation in open cast mining yielded 10,234,900 tons compared with 11,698,100 tons in 1953.

NEWS IN BRIEF

INDIAN

The Indian Prime Minister is expected to visit Paris at the invitation of the French Government after attending the coming Conference of Commonwealth Prime Ministers at London. Mr. Nehru is likely to arrive in Paris about February 15.

*

The Mysore State Government's gold mining committee is reported to have recommended the doubling of royalty payable by British-owned goldfield companies in the Kolar area. The present royalty to the State is about Rs. 2 million. Recommendations include "effective Government control".

*

The Rehabilitation Finance Administration has sanctioned loans in respect of 18 applications for a total amount of Rs. 1,49,000 in December last. The Administration had disbursed over Rs. 1,600,000 till the end of November 1954.

*

The North-Eastern Railway is to conduct a preliminary survey for a 17-mile metre-gauge line from Ramshai to Binnaguri in Assam. The survey is to investigate the possibility of diverting the main Assam Rail Link between Mal Junction and Binnaguri via Ramshai towards the south with a new alignment between Ramshai and Binnaguri.

*

The Government of India have reviewed the export policy of kyanite in the light of stocks and progress of exports against allotments during the year 1954, and have decided to licence the export of kyanite freely on presentation of shipping bills till the end of June, 1955.

*

The Government of India have already covered their requirements of imported sugar for 1955. The question of purchasing any further quantity, if at all, will be examined in May or June after the sugar production from the current crop is known.

*

The Government of Travancore-Cochin have introduced a Time-Scale of pay for the lower-salaried officers in the State. The average additional cost per year is expected to be Rs. 90 lakhs, the immediate additional expenditure being between Rs. 35 and Rs. 40 lakhs per year.

*

It is announced that Birla Park, Calcutta, has been given to the Government of India by Shri G. D. Birla for the setting up of an Industrial Museum. The gift was recently accepted by Maulana Abul Kalam Azad, Union Minister for Education and Natural Resources and Scientific Research, on behalf of the Government.

*

Four new development schemes for Madras Port at an estimated cost of Rs. 20 lakhs have been included in the first Five-Year Plan. The schemes include a hospital and dispensary (Rs. 5 lakhs), a Port Workshop (Rs. 8 lakhs), a warehouse (Rs. 6 lakhs) and the improvement of the South side drainage and boundary wall.

*

Shri P. M. Chinoi, a well-known silk and art silk merchant of Bombay, and Vice-President of the Indian Merchants Chamber for 1954, has been elected President of the organization for the year 1955. Shri Chinoi is a committee member of FICCI and of the Central Silk Board among other important committees.

FOREIGN

The Pakistan International Airlines is the result of the amalgamation of the Orient and Pakistan Airlines. On February 1, a Super Constellation will leave for London via Cairo and commence a weekly service. P.I.A. recently introduced a thrice weekly 'Convair' service between Bombay and Karachi.

*

The Argentine Central Bank has announced that it will permit local industries to import machinery spares to the value of 165 million pesos from Austria, Belgium, Czechoslovakia, Denmark, France, Spain, Holland, Italy, Japan, Sweden and Switzerland to supply Argentina's needs for one year.

*

Japanese exports of cotton cloth during 1954 are estimated at approximately 1,250 million square yards —a new post-war high—according to the Japan Cotton Spinners' Association.

*

Egypt's national income for 1953 was £(E) 856.4 million, an average of £(E)39 per head. The main sources of national income are Government £(E)127.9 million and business £(E)708.7 million—agriculture £(E)272.8 million and trade (wholesale and retail) £(E)129.4 million. The figures have been obtained by 'added value' method and checked by the 'distributed shares' method.

*

The number of West German films produced has risen from 72 in 1952 to 103 in 1953 and 110 in 1954. The cinema box office receipts have also risen from M. 610 million in 1952 to M. 685 million, while the share of imported films in programmes has fallen from 68.8 per cent to 54.5 per cent. West German export earnings have risen from M. 5.4 to M. 11.2 million.

*

Turkey, world's second largest producer of chrome has had to reduce her duty on chrome exports from 5 to 1 per cent, in order to ease accumulating stocks. It is reported that she intends to allow exporters 50 per cent of the foreign exchange brought in by their sales for the import of goods.

*

Sales by the U.S. aircraft industry during 1954 are estimated at being worth $8,600 million. Deliveries of military aircraft representing 85 to 90 per cent of the industry's output averages at slightly less than 900 a month. Virtually all U.S. combat aircraft are jet-powered.

*

Shipments of tin from Malaya during 1954 are reported by the Straits Trading Company to have been 70,333 tons as against 61,734 tons during 1953. In 1954, the U.S.A. took 40,521 tons and the Continent of Europe 10,759 tons.

*

The Frankfurt International Spring Fair is being held between March 6 and 10, 1955 in the German Federal Republic. Textiles and clothing, machines, sports goods, musical instruments, arts and crafts and leather goods from France, Greece, Ireland, Italy, Yugoslavia, the Netherlands, Austria, Spain, Switzerland, Hungary and U.S.A. among others, will be exhibited at the Fair.

*

The Seventh Session of the ECAFE Committee on Industry and Trade will be held at Tokyo between March 15 and 25, 1955. The Indian National Committee of the ICC has been requested by CAFEA to suggest names of persons who may like to attend the meetings.

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A Window On The World

FREEDOM'S STRESSES AND STRAINS

BY

ODYSSEUS

I AM ENGAGED in a brief survey of the history of our own times in an attempt to grasp the reality of the platitude that jet propulsion and the hydrogen bomb have reduced the once wide world to the size of a mofussil village and tied Asian, European, American, Indian, and Commonwealth interests up into one parcel.

Last week, I showed how the Communist invasion of South Korea in June, 1950, was answered by a United Nations' force, manned mostly by Americans, how the Americans then insisted that the resources of German manpower must be harnessed to take some of the strain off the USA and to strengthen NATO in Europe. This compelled France to envisage German re-armanent and led M. Schuman and M. Pleven to formulate the European Defence Community—a plan for a supra-national organisation to which German forces could be entrusted without fear of a resuscitation of German militarism.

EDC was spurred by the fear that the Korean war was intended to divert American resources while the USSR over-ran Europe. That this was no idle fancy is suggested by the figures that subsequently became available on May 24, 1954, when Field Marshal Montgomery said that the strength of the USSR ground forces had remained constant since 1947 at around 175 divisions, and that great strides had been made in mechanisation and modernisation. No fewer than 65 divisions were armoured and mechanised. (These figures were in striking contrast with those of the Western nations who within a few weeks of the end of World War II began massive demobilisations). The USSR, East Germany and East European satellites had over 6,000,000 men under arms, of whom 4,500,000 were in the ground forces. The number of divisions in the satellite countries had almost doubled since 1947, being now around 80. The USSR has a spearhead of 22 Soviet divisions, mostly armoured, ready in East Germany for an advance into Western Europe. Behind these are a further 60 Soviet divisions in East European countries and Western Russia, not including satellite divisions.

As against these figures, it was stated on March 12, 1953, that the armed forces of the European members of NATO totalled 3,300,000. The target of 50 divisions for the end of 1952 had been reached and this was to be increased in 1953. In addition to the European forces, there was an American army of 19 divisions plus 18 brigades (nearly half of which were overseas) with a strategic reserve of 8 divisions. These USSR and NATO figures, compiled on different dates, are not strictly comparable but they are enough to show the enormous difference in the actually mobilised strengths of the ground forces of the Communist and free worlds. While they must cause concern, these figures should not fill sincere democrats with alarm since mere totals of armed men do not measure the differences in fire power that the two sides control in atomic and hydrogen weapons, and in this sphere we are led to believe that the balance of power remains favourable to the democracies. Events since 1946 do at least also suggest that the USSR does not regard its overwhelming numerical superiority in ground forces as enough to stake all in a single throw for a quick victory in a short war.

The more comforting of these speculations could not be present in the minds of the NATO general staff on the outbreak of the Korean war in 1950 when NATO numbers, training, and efficiency, were far behind the USSR effort.

Hence American insistence on signing an immediate treaty of peace with Japan with special military rights for the USA. French alarm over the re-arming of Germany in the West had its parallel in Australian, New Zealand, and Philippine alarm over the re-arming of Japan, and the USA sought to calm it by the guarantees known as the Anzus pact.

STRIPED PANTS KNOW-HOW LACKING

International relations all over the world from 1951 onwards have been dominated by two main and contradictory fears: (1) fear of war through Communist aggression or infiltration, which led to EDC in the West and aid to South Korea in the East, and (2) fear of war through what critics of America term American trigger-happy irresponsibility, and her friends term lack of diplomatic experience or a deficiency in striped pants know-how.

As time wore on, fears of aggression in the West receded to some extent, and France began to drag her feet over ratification of the EDC pacts which were to enable Germany to take her place in the councils of the free world.

Equally as time went on, irritation against the methods and manner of American leadership grew and spread across the free world. General MacArthur's bellicose views on the need to bomb the Chinese mainland—which in the light of after events can be seen to have been erroneous—started distrust of US leadership. Then, again, while the British considered that recognition of the Peking regime was no more than diplomatic commonsense, the Americans thought it immoral nonsense, and there were a score of other sources of friction and quarrellousness.

The strains which any coalition inevitably undergoes were increased by the divergent and contradictory voices which seemed to speak with equal authority for American policy in the Senate, the administration, and even among the generals who in other countries are not allowed to air their views on policy and are expected to stick to doing what they are told. The long debates over the dispatch of American troops to Europe in 1951, and over the right of allied countries to trade with Communist states are examples of the public conflicts over policy in the USA which (as we are instructed) we must accept as part of the American system (which sometimes does seem to recall the Bourbon system which never forgot, or learnt, anything). Whether, however, we respectfully accept it or not, the fact remains that as long as America conducts in public her debates on the formulation of policy her ability to lead and to influence the rest of the world is seriously diminished. Views on the formulation of policy in the Commonwealth countries are probably no less divergent or strongly held than in the USA, but with us policy is hammered out not in a series of dramatised dog fights on public platforms but behind

closed doors, and when a policy has been decided upon, it is upheld by the whole cabinet. The defeated cabinet minority does not rush off to the correspondents in hopes of modifying what has been decided by carrying on in the newspapers the debate that they have lost in the cabinet. The conception of joint cabinet responsibility (as indeed of joint Opposition responsibility in the opposition parties which form the alternative cabinets) is aptly illustrated in humorous exaggeration by the story told of I forget which British Premier of the nineteenth century who, after a particularly stormy cabinet meeting which broke up with everyone at sixes and sevens, put his back to the door so that no one could get out and said: "Gentlemen, it doesn't matter a damn what we say providing we all say the same thing. What is our decision?"

In the immediate post-war years, Europe, stricken by devastation and economic dislocations, was, on the one hand, paralysed by the threat of Communist aggression, and, on the other, hypnotised by America as the only source of power, initiative, and leadership. But as the years went by, American prestige and influence (as opposed to American material power) declined. Reports from Washington suggest that President Eisenhower has digested the lessons of 1950-54 and that American diplomacy will take its rightful place and play a more constructive part in 1955—but that is to look ahead to next week's article. It will also, I hope, emerge from future articles that the Commonwealth has proved itself more and more to be a steady, experienced, and reliable diplomatic instrument for the maintenance and promotion of peace, and that among those who have made outstanding contributions to filling the 1950-54 vacuum caused by the human fallibility, uncertainty, and temperamentalism of US leadership, were Sir Anthony Eden and Pandit Nehru.

The democratic alliance was strong enough to survive innumerable stresses and strains caused from 1950 onwards by diverging views about means because it was just sufficiently united on its objective—the preservation of freedom. In this, it was powerfully and constantly helped by Soviet, and later by Chinese, rejection of peaceful co-existence in deeds (though not in words). Stalin's highhanded and dictatorial attitude towards Yugoslavia was one of the most important examples of this, because, by driving Yugoslavia out of the Sino-Soviet camp, the USSR accorded a tremendous addition, psychological and material, to the forces of the free world. If Marshal Tito had not been bullied into quitting the Soviet bloc in 1948, it is arguable that the Mediterranean would in due course have become a Communist lake. The free countries would have found the necessity of constantly reinforcing Greece against Communist infiltration from Yugoslavia, a drain on their resources. There would also have been no hope of achieving Italo-Yugoslav co-operation and the not inconsiderable number of Communists in Italy would have received dynamic encouragement. The Balkan pact between Yugoslavia, Greece, and Turkey, and the extension of the North Atlantic treaty alliance to these countries eventually achieved on February 28, 1953, would have been impossible. Yugoslavia's adherence has consolidated Turkey's position in the camp of the free nations, and this, in turn, has enabled them to establish forward air bases in Turkey which command probably the whole of the Euro-Asian land block. The policy of the democracies as a whole, when the Eisenhowers, the Edens and the Nehrus are balanced against the MacArthurs, has made it clear that these bases have no aggressive purpose: they are, as it were, a combined warning to the Sino-Soviets and an insurance policy to the free nations of Europe and Asia alike.

What exactly was achieved by Marshal Tito's conference with Pandit Nehru has not as yet wholly emerged, but do not think that its significance for peace is to be minimised. From their different experiences and vantage points, the Marshal and the Pandit should have had much to tell each other that was worth listening to, but that could at this moment be published only with difficulty. All these are but a few of the favourable developments traceable to what one is more and more inclined to call Stalin's crypto-democratic treatment of Tito in 1948.

A further instalment of this history of our own times next week.



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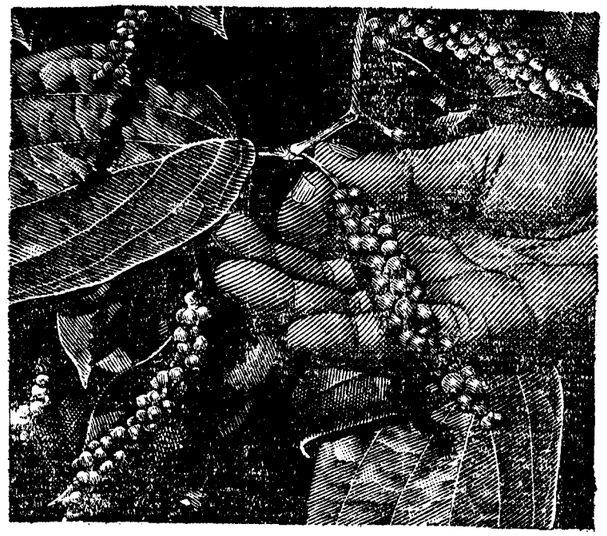
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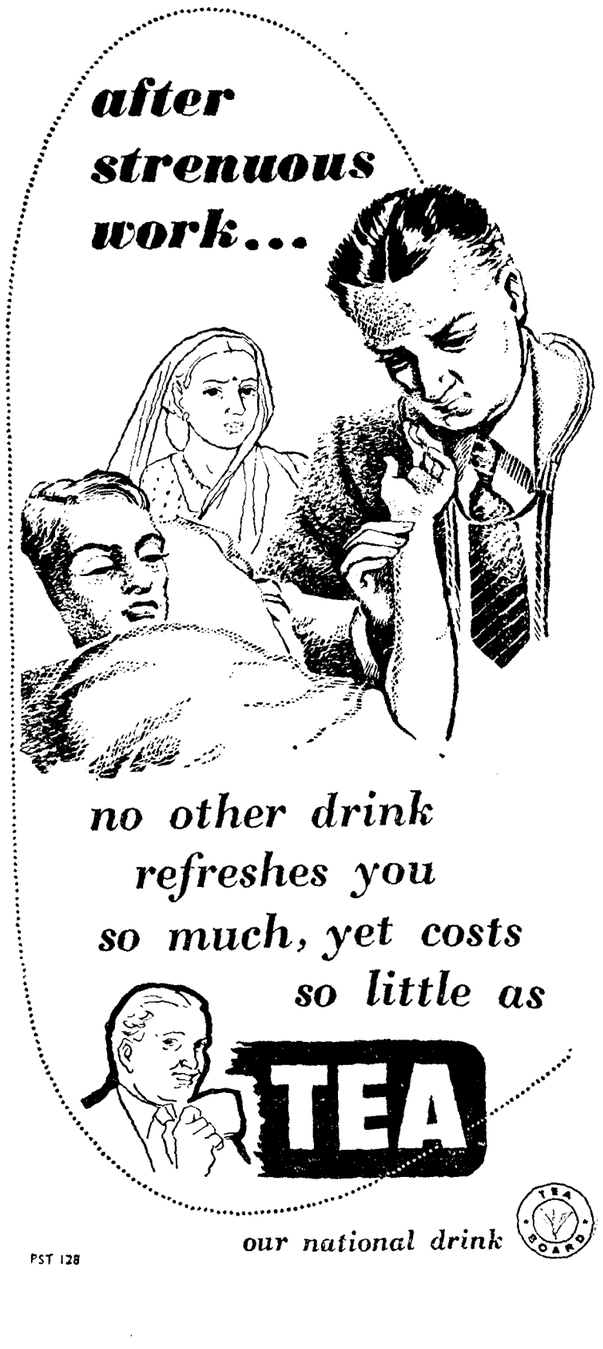
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THE WORLD ABROAD

SCHOOL SEGREGATION IN TRANSITION

Eight months have passed since May 17, 1954, when the United States Supreme Court handed down its decision declaring segregation in the nation's public schools to be unconstitutional. Since then substantial progress toward integration has been made in the District of Columbia and several of 20-odd states affected by the ruling; in other states all action has been withheld until after the implementation arguments come before the Supreme Court again.

Preparatory to participating in the oral arguments, 10 states and the District of Columbia filed briefs with the court before the November 15 deadline. In these briefs attorneys general of the states set forth the prevailing "attitude" toward integration in their respective states and summarised their local school situations and the problems integration will entail. On November 24, the U.S. Department of Justice filed a brief in which suggestions were made to the Supreme Court pertinent to carry out the decree.

The gist of the first 11 briefs—filed by the District of Columbia and the states of Arkansas, Delaware, Florida, Kansas, Maryland, North Carolina, Oklahoma, South Carolina, Taxas and Virginia—was that a gradual approach to solving the school integration problem was most advisable; the Supreme Court was urged not to formulate specific decrees to implement its ruling but to allow the lower courts and local communities to work out integrated school systems in their own way and at their own pace. The fear was expressed that too hasty or uncompromising action in forcing the abolition of segregation might breed hotility that would jeopardise the public school system itself and wipe out educational gains made by both races in recent years.

The May 17 court ruling strikes at the roots of a segregated school system which has been in existence for generations in the American South and which heretofore has been required by many state constitutions. Abolition of the system means that these constitutions will have to be amended, that dual school plans and budgets will have to be adjusted and that faculties as well as students must be integrated. However, the legal and physical difficulties are secondary to the psychological ones certain to be encountered as communities move away from the fixed pattern of a segregated society by merging their white and Negro school systems to provide equal educational opportunities for all children.

Filing as a "friend of the court," the Justice Department suggested in its brief desegregation be carried out at the local level under direction of the Federal District Courts in the areas involved. It said the Supreme Court should enter decrees declaring racial segregation in public schools unconstitutional and all laws requiring or permitting it invalid. The brief added that the five cases should be remanded to the lower courts in which they originated, and the decrees should contain specific provisions that the defendant school boards should submit within 90 days a plan to end segregation as soon as feasible in the schools under their authority.

The Justice Department brief, while recognising the varying problems raised by carrying out desegregation in the public schools, said: "We are dealing here with basic constitutional rights.... The right of children not to be segregated because of race, or colour is not a technical legal right of little significance or value. It is a fundamental human right supported by considerations of morality as well as law."

On the basis of "attitudes," the states concerned by the court ruling fall roughly into three categories: those which strongly oppose the decision (Georgia, Louisiana, Mississippi, and South Carolina); those awaiting a further court ruling before taking any action (Alabama, Arkansas, Florida, Kentucky, North Carolina, Oklahoma, Tennessee, Texas and Virginia); and those which have accepted the decision and already are moving towards integrating their school systems (the District of Columbia, Arizona, Delaware, Kansas, Maryland, Missouri, New Mexico and West Virginia).

Only one of the four states strongly opposed to integration has filed a brief before the court: South Carolina, a defendant in one of the test cases on which the court ruled last May. This brief, filed by the two attorneys representing trustees in the school district in which the case originated—is the only one not presented by the Attorney General of the State. However, it reflects the official attitude of South Carolina on the integration issue—as well as the attitude of the other three states which strongly oppose the abolition of segregated schools. These four states and Alabama, frequently referred to as the "Deep South," have the highest concentration of Negroes, where they represent a percentage of the school population ranging from 32.2 in Georgia to 55.4 in Mississippi.

The South Carolina brief insists that state governments be allowed time and opportunity to work out the problems posed by the Supreme Court's ruling. Taking note of the separate duties of the legislative, administrative and judicial branches of government, the brief states that any attempt by the court to set up "criteria of desegregation" would be an invasion of the legislative and administrative fields; however, it adds that the court has equity powers to permit "effective gradual adjustments" and should remand the cases to district courts for the formulation of decrees.

On the whole, Georgia, Louisiana and Mississippi share the opinion of South Carolina that any attempt by the U.S. Supreme Court to dictate to them how to run their public schools would be an infringement upon state's rights; they take the view that, since state-levied taxes rather than federal funds support the public schools, the states should have full responsibility for their administration.

To date, opponents of integration in the above states have come forth with a variety of plans designed to evade compliance with the court ruling, including proposals which would abolish their public school systems entirely and substitute private schools instead. It seems doubtful that such measures would stand the test of law, or would, in the final analysis, have the support of all residents of the states concerned since many children in low-income families—white as well as Negro—would be deprived of any educational facilities.

In contrast to the few states which are so vocally resisting the idea of school integration the "attitude" of the middle group of eight—currently following a "wait-and-see" course—is more encouraging. In Alabama a special legislative committee was set up in September, 1954, to study the school problem. While the committee finally recommended a "last resort" constitutional amendment which would open the way

for abolition of public schools, it urged, *in preference*, some system whereby white and Negro parents would be allowed a "freedom of choice" in selection of schools for their children. Conceivably this could result in three school systems—*white, Negro and mixed*, all on a voluntary basis.

Briefs *filed by* Arkansas, Florida, North Carolina, Oklahoma, Texas and Virginia *all stressed* the need for time in integrating school systems and tried to point out to the Supreme Court the problems, financial and otherwise, which implementing the decision would involve.

Kentucky and Tennessee—the last two states in the "wait-and-see" category—did not file briefs. However, the problem of integrating their dual schools has been under study in both states since the Supreme Court ruling. That Tennessee will follow a temperate course was best indicated by the fact that in the 1954 campaign for governor, the incumbent, Governor Frank Clement, defeated by a large majority opponents in the Democratic primary who attempted to win votes by denouncing the Supreme Court's ruling and promising to retain segregated schools. Governor Clement obviously voiced the majority view of Tennessee people when he said shortly after the Supreme Court ruling: "I must point out it is a decision handed down by a judicial body which we, the American people, under our constitution and law recognise as supreme in matters of interpreting the law of the land." Kentucky has already accomplished considerable voluntary integration on the college level and there is every indication that when the Supreme Court delineates what the states must do to carry out its ruling, Kentucky, in the words of its Governor Lawrence Wetherby, "will do whatever is necessary to comply with the law."

Complete abolition of segregation in the nation's public schools will not be easily nor quickly accomplished—that fact is apparent to the most optimistic of Americans as they consider the problems posed in the southern states which for generations have maintained a dual school system. Yet the Supreme Court has not asked the impossible of a people dedicated to the ideals of equality and fair play—that fact, too, is apparent as one takes a look at the District of Columbia and the seven states which already have begun integration of their school systems.

Delaware, a defendant in one of the school cases on which the Supreme Court ruled, filed a brief indicating that significant progress in integration already has been achieved. It asked the court to set a deadline for complete integration and let the lower federal courts issue the specific decrees. Maryland's attorney general stated that segregation in the state was "well on its way out" before the court's decision. It asked *that a gradual adjustment be permitted* and responsibility left to local authorities to work out a timetable for merging their own schools. In September, 1954 West Virginia began voluntary integration of schools in 25 of the state's 55 counties. Present plans are for complete integration by the autumn of 1955. In only two instances—in Greenbrier and Boone counties—has trouble arisen. In the states of Arizona, Kansas, Missouri and New Mexico voluntary integration has gone forward smoothly; in some instances it began well in advance of the May 17 ruling and has now been practically completed.

The majority of the foregoing states have made great progress in integration at the college level. They have also accepted the mixing of races in parochial and other church-supported schools where religious leaders have donounced the perpetuation of a segregated system. As a study recently conducted by the Ford Foundation on the subject, published under the title "Schools in Transition", concluded.: "Where integration has been tried, the typical outcome has been its eventual acceptance."

Despite the scattered disturbances in a few localities and the possibility that resistance to integration may prevail in some areas for a time, the Ford Foundation study believes that a generation hence the United States may look back with pride "on this period as a time of successful transition accomplished in a characteristically American way."

THE EASTERN ECONOMIST

ANNUAL NUMBER 1954

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SPECIAL ARTICLES:

EMPLOYMENT POTENTIAL OF ROAD TRANSPORT

ONE of the criteria which will necessarily govern the allocation of priorities for development projects in the second Five-Year Plan will be their employment potential. There is now not only a commitment to this goal but the target of creation of 12 lakh additional jobs every year during the next decade has been announced by the Finance Minister. It will be of interest to examine in the light of this issue what direction ought to be given to the plan for the development of road transport as a direct aid to opening fresh avenues for employment.

Accelerated development of road transport assumes vital importance not merely due to the labour-intensive character of this industry but because of the critical situation which is likely to arise and impede the progress of the entire Plan for lack of sufficient transport capacity. Railway transport has traditionally borne the brunt of the requirements of traffic, but the disappointing progress in the rehabilitation of the railways since the end of the war and the marginal provision made in the current Plan for their expansion in real terms have disclosed at repeated intervals the existence of shortages in their capacity. Apart from the serious bottlenecks which emerge at critical times in important sectors, there are chronic inadequacies of transport capacity on the metre-gauge sections and even broad-gauge routes are hardly free from periodic shortages.

It is estimated that the extra burden which will be thrown on the transport capacity of the country as a result of the progressive completion of the current Plan will not be less than 10 per cent of the volume of freight traffic offering at its beginning. The gap left by the railways has compelled attention to the need for stimulating the development of road transport by long over-due incentives. These incentives include primarily relaxation of restriction on inter-State licensing of freight transport agreed upon at the end of the last year. It is problematical whether future vexatious delay in accepting liberal policies could have been avoided but for the priority which has been assigned to road transport in the interim programme to counter unemployment.

The statistical position relating to the outlay on various forms of road transport and the volume of employment actually created by different categories of road services is not amenable to precise assessment owing to the scattered and diversified control of the management of road services. Organized and large-scale undertakings either under State or private ownership account only for a part of the aggregate services throughout the country. An approximate idea of the present employment in road transport services may, however, be gathered from the last census returns. The overall position as recorded there is shown in the table below:

This table need not be taken as exhausting the entire scope of employment in road transport and allied services. A qualification must be made about the last category which governs, in terms of the census figures, manufacture and cognate industries for the supply of equipment required for road transport as well as for other forms of transport, notably indigenously produced rolling stock for railways. Only a part of the employment in this category is generated by road transport. It may be taken almost as a certainty that there has been a rough reporting which errs on the lower side. The margin of error, however, is not likely to be substantial. Direct employment created by motor transport services includes certain distributive trades like petroleum and its products, accessories and components of motor vehicles and other equipment. The volume of this employment has not found place in the above table.

While this table discloses an element of overlap in the third category and also excludes part of the employment directly arising from road transport services, it would seem necessary to formulate a more approximate estimate of the employment on definite assumptions. Future development of road transport services is virtually identical with the development of motor transport services. This is not to suggest that bullock cart transport is going to be wiped out or reduced to insignificance in the future. Its area is bound to be reduced progressively as the network of all-weather and motorable roads spreads in the rural areas. But as a mode of transport in the interior region it must continue to retain a place for itself. There cannot, however, be the least doubt that the deliberate emphasis in future expansion in the road sector must be overwhelmingly on motor transport.

The present strength of mechanised vehicles on roads in this country has been placed in the neighbourhood of 272,200 which may be split up, on the basis of the type of traffic served, into two classes. Freight trucks account for about 90,000 vehicles, while the rest of 182,200 vehicles comprise cars, taxi-cabs and passenger service buses. This bifurcation is essential from the angle of priority in development as well as from that of the employment potential. An estimate prepared by private operators for the Motor Union Congress in 1947 places the employment ratio at 4.99 persons per vehicle. This estimate probably includes persons engaged in repair, maintenance and distributive jobs also. The ratio in the Bombay State Road Transport Corporation at present works at 6.14 persons per passenger vehicle including all categories of employees under its auspices. Extravagance and maintenance of inflated staff which is a striking characteristic of State enterprises is reflected in this high ratio. It is certainty not the object of planning for larger employment to secure higher levels at the cost of productivity

Employment in Road Transport and Related Industries in 1951

Category of Employment	No. of Employers	No. of Employees	No. of Independent Workers	Total Employment
Transport by Road	30,015	388,803	474,641	893,459
Construction and Maintenance—Road, Bridges, and other Transport Works	4,874	94,231	49,699	148,804
Manufacture and Cognate Industries Relating to Transport Equipment	6,338	170,837	39,099	216,274

and efficiency and this ratio can hardly be accepted as the optimum.

An employment ratio of 4 persons per passenger vehicle (ignoring for the purpose of broad estimates the much lower employment in the case of cars and taxi-cabs) would not only conform to the real situation but provide for a margin on the higher side. To this ought to be added 25 per cent labour force in the related repair, maintenance and distributive services. A ratio of 5 persons per passenger vehicle represents the total employment. In the case of freight trucks (which are plied at present exclusively by private operators and will not be nationalised until 1961 except fractionally in Bombay State), a ratio of 2.5 persons per truck is slightly higher than what actually prevails and to this may be added 25 per cent on account of ancillary service occupations. These are the ratios assumed here. In an otherwise close and objective study of this problem made on behalf of the Indian Roads and Transport Development Association, Bombay, Mr. V. B. Vagh, a leading member of the Council of the Association, has chosen the magnified ratios of 6 persons per passenger vehicle and 4.5 persons per freight truck, exclusive of personnel engaged in the ancillary services which he puts at half of these ratios. On the basis of the ratios approved here, total employment arising from passenger vehicles would be of the order of 911,000 and that arising from freight trucks would come to 281,250 persons, or in round figures an aggregate of 12 lakh persons.

In relation to the railways which have a total force of employees of the order of approximately 10 lakhs, the employment potential of motor transport services is much higher in absolute terms. Investment in the second Five-Year Plan is contemplated at an amount of Rs. 5,000 crores, with a pronounced bias for industrial expansion projects. It would be safe to assume that the targets for industrial production will be stepped up by 100 per cent. This rate of expansion coupled with development in the non-industrial sector will generate an additional volume of traffic whose magnitude remains to be estimated. It implies a rapid and bold expansion of the transport component. While motor transport will undoubtedly be assigned higher priority and allocation than in the current Plan, its expansion must be related to what its structure can bear. The first priority will be for freight traffic and in this sphere additional 2 lakh trucks seem to be a feasible target and the minimum required. In the case of passenger buses an increase of 50 per cent should satisfy the requirements of medium and short hauls. The additional employment that will follow expansion on this scale will be 625,000 jobs in the freight services and 455,500 jobs in passenger services including related occupations or an aggregate increase of nearly 11 lakh jobs. The moral of this conclusion cannot be missed. Expansion of motor transport on this scale alone will create slightly less than one-fifth of the targeted volume of additional employment in the next Plan.

PROGRESS IN LIFE INSURANCE

THE volume of new life business, Indian as well as non-Indian, attained a new peak in 1953 at Rs. 154.5 crores (provisional) for the Indian Union as against the last peak of Rs. 153.8 crores in 1946 for undivided India. As compared with 1952 the improvement amounts to Rs. 7.8 crores. The Indian life insurance business at Rs. 137.5 crores is still below the corresponding peak of Rs. 140.9 crores in 1946 while the non-Indian insurers have staged a significant improvement since 1946 from Rs. 12.9 crores to Rs. 17.0 crores. Obviously, the figures force the conclusion that 1953 was a year of prosperity in the field of life insurance. The Controller of Insurance, who has released this week the official year-book for 1954, from which the above figures have been culled, has expressed the view that the upward trend in the new life business may be attributed to the habit of thrift formed during the war and the immediate post-war periods.

An attempt was made to analyse the behaviour of new as well as total life business in India during the last decade. Figures in crores of rupees were reduced to index numbers with base 1944=100. A perusal of the table reproduced below shows that the new business in 1953 was nearly 42 per cent above the 1944 level, while the total business increased by 112 per cent only. It is interesting to note that the total life business at the end of 1953 was 68 per cent of the sum total of all the new business under-written each year during the last ten years.

Moreover, the year-to-year increases in the new business were accounted for by the inflationary impact in the economy. On deflating the new yearly business figures by the all-India cost of living index number it was found that in real terms the new business has never come up during the last six years even to the 1944 level. The prosperity about which the Controller has remarked in his report is not very much in evidence.

The problem of a high lapse-ratio has always been inherent in the business in this country and the index of new business is not usually taken to be a real indicator of prosperity or otherwise. As stated earlier, the volume of new business under-written during the last decade totals up to Rs. 1404 crores as against the total business in force of Rs. 962 crores at the end of 1953. This is a clear pointer towards the alarmingly high percentage of lapses, especially during the first three years of the policy. The Controller has computed that 58.0 per cent of all the new business effected in 1950 had lapsed by the end of 1953. The conclusion cannot be resisted that the high lapses are largely responsible for the decline of the insurance business in real terms indicated above.

It is well known that the delay in the publication of the year-book takes away much of the interest from the figures published in it. Increased interest lies in the behaviour of business in 1954. The reduction in premium rates in March-April, 1954, is believed to have given a great impetus to the under-writing of fresh business and on a conservative estimate it is believed that the total business of the year will increase by more than 50 per cent. There are insurers who are deemed to have doubled their new business in 1954 as compared with 1953 and a very large number of insurers have enhanced their new business by 25 to 50 per cent. Without going into the merits or demerits of the reduction, which have been discussed threadbare during the last seven months, the question may be posed if this step would augment savings through insurance. Insurance circles hold the view that the increase has been obtained by questionable practices. Old policies have lapsed or have been converted into paid-up and new ones have been taken because the conversion in money terms is beneficial to the policy-holder. It is also stated that the year 1954 may not witness even the usual yearly increase in the total life business. This is something which is hard to believe because the incentive of lower premia was luring enough to encourage more business.

The bogey of nationalisation of insurance companies was raised in the Bombay Stock Exchange last week and the prices of some insurance shares slumped. Certain elementary facts are frequently overlooked in this matter. Life offices in this country are more than 50 per cent nationalised already because 55 per cent of the assets are invested in the gilt-edged securities. An examination of the investments of insurers reveals that more than 75 per cent of the assets of the insurers are held in investments of unquestionable soundness.

A study of the maturity distribution of investments as at December 31, 1953 of controlled funds in Government and other approved securities is revealing. There is a common belief that the life funds are usually invested in long-term securities but facts, as disclosed in the year-book, belie this. Sixty-five per cent of the Indian investments are held in short-term or medium-term ones, maturing in or before 1968. The corresponding figure for the non-Indian insurers was higher at 72.6 per cent. There are two possible reasons for this shift from the long-term investments. Firstly, there may be a strong demand for short-term endowment policies maturing within fifteen or twenty years of the date of commencement but there is no 'prima facie' evidence to support this view. Secondly, the insurers might have grown cautious after the capital depreciation caused by the rise in the bank rate in 1951, which lowered the values of the long-term investments more than the short-term ones.

The net rate of interest realised on mean life assurance funds by Indian and non-Indian insurers during the last five years shows a rising trend. For the Indian insurers, the rate has improved from 3.05 in 1949 to 3.50 in 1953 while for the non-Indian insurers, the rate rose from 3.01 per cent to 3.30 per cent during the same period. The explanation lies partly in the enhancement of the bank rate in 1951, which lowered the values of securities, thus increasing the yield.

Out of the 52 valuations (Indian and non-Indian) which the Controller received in the course of the year, as many as 39 had declared a surplus and the remaining deficit. The surplus in the case of nine was carried forward unappropriated while for the rest it was allocated between the policy-holders and shareholders. A scrutiny of the valuation results for 1951-53 shows that the surplus valuations have been on the increase and so are the bonus rates.

Index Numbers of Real New Life Business

(Base: 1944=100)

Year	Index of New Business	Index of Cost of Living	Index of Real New Business	Index of Wholesale Prices	Index of Real New Business
1944	100	100	100	100	100
1945	125.2	100	125.2	101.3	123.6
1946	141.2	106	133.0	110.3	128.0
1947	128.2	120	106.8	123.2	104.1
1948	123.6	134	92.2	152.1	81.3
1949	130.6	138	94.6	157.9	82.7
1950	128.1	138	92.8	166.1	77.1
1951	135.8	144	94.3	182.1	74.1
1952	134.7	141	95.5	160.3	84.0
1953	141.9	145	97.9	163.2	86.9

Life Insurance Business

	New Business						Total Business					
	Indian Insurers (Crores of Rupees)	Index Nos. 1944=100	Non-Indian Insurers (Crores of Rupees)	Index Nos. 1944=100	Total (Crores of Rupees)	Index Nos. 1944=100	Indian Insurers (Crores of Rupees)	Index Nos. 1944=100	Non-Indian Insurers (Crores of Rupees)	Index Nos. 1944=100	Total (Crores of Rupees)	Index Nos. 1944=100
1944	97.0	100.0	11.9	100.0	108.9	100.0	373	100.0	81	100.0	454	100.0
1945	123.7	127.5	12.6	105.9	136.3	125.2	462	123.9	95	117.3	557	122.7
1946	140.9	145.3	12.9	108.4	153.8	141.2	550	147.5	101	124.5	651	143.4
1947	126.5	130.4	13.1	110.0	139.6	128.2	603	161.7	103	127.2	706	155.5
1948	121.7	125.5	12.9	108.4	134.6	123.6	621	166.5	103	127.2	724	159.5
1949	130.0	134.0	12.2	102.5	142.2	130.6	662	177.5	103	127.2	765	168.5
1950	125.8	129.7	13.7	115.1	139.5	128.1	671	179.9	109	134.6	780	171.8
1951	131.4	135.5	16.5	138.7	147.9	135.8	755	202.4	118	145.6	873	192.3
1952	130.3	134.3	16.4	137.8	146.7	134.7	796	213.4	126	155.6	922	203.1
1953*	137.5	141.8	17.0	142.9	154.5	141.9	830	222.5	132	163.0	962	211.9

* Provisional.

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THE BUSINESS WORLD

RECOVERY IN ART SILK INDUSTRY

After the fateful period of crisis in 1951-52 whose aftermath continued in the next year with complete or partial closure of several mills, the art silk industry has been enabled to stage recovery and consolidate its position. Considerable measure of success was achieved in stabilising production in 1953-54 which was assisted by the return of yarn prices to more reasonable levels. It was not possible to wipe out the entire gap of losses sustained in the earlier two years, but deterioration was definitely ended and the industry was put on the road to positive recovery and improvement. Since then progress is being maintained in production.

The major problem of the art silk industry has always centred round the adequacy of supplies of yarn. In view of the fact that these supplies are derived largely from imported sources and the quantum of imports is to be related in a rational measure to the claims of home output, the direction of import policy has inevitably become a factor of great significance governing the production levels of the industry. In the past year and a half at least the art silk industry has been greatly assisted by the Government's import policy and Mr. D. N. Shroff, President of the Silk and Art Silk Mills' Association, has frankly conceded at the last annual general meeting that the objective of the import policy to secure stabilisation of yarn prices has been successful. Since the cost of yarn constitutes anything between 50 per cent and 70 per cent of art silk cloth, depending upon its variety, the basic importance of yarn supply and prices cannot be missed. Import quotas directly allotted to mills are below their actual requirements in view of the obligation to make reasonable allocations to established importers. In the result, yarn prices are bound to fluctuate within modest margins. The general improvement in the volume as well as value of imported yarn is apparent in the relative easing of the prospect which the industry has now been enjoying.

The conditions under which the member mills of the Association functioned can legitimately be accepted as the index of the state of the industry as a whole. In 1953-54 the total availability of art silk yarn for the Association's members has been estimated at a value of Rs. 5.34 crores which works at approximately Rs. 2,667-8-0 per loom. In terms of volume, calculated at a flat price of Rs. 3 per lb., the quantity per loom per year comes to 889 lbs. This is equivalent to 37 per cent of the optimum requirements according to the industry's estimate on a basis of two shift working. The assumption of double shift working, however, is open to question in the light of the industry's present resources. But the progress which has been registered after 1952-53 must be regarded as modest. As against an output of 1240.77 lakh yards in 1952-53, the quantity produced in 1953-54 was 26.25 per cent higher at 1573.37 lakh yards. The main handicap in the former year was supply of yarn and this fact is enough to stress that no particular virtue attaches to the higher output attained in 1953-54. In the last year, the industry operated at 50.5 per cent of the installed capacity. This wide gap between output and capacity explains one of the real and serious handicaps to reduction of production costs. The ceiling for import of yarn has been fixed by the Tariff Commission at 40 million lbs. which is the same as the peak reached in 1948-49. Imports actually allowed have ranged between 35.3 million lbs. (except in 1952-53 when they touched the lowest limit of 22.24 million lbs.) and 39.97 million lbs. in the last seven years. The plea of the industry is for raising the ceiling to 60 million lbs. so long as domestic output does not record a spectacular increase.

Expansion of domestic output of yarn is a matter of urgency for stimulating the manufacture of art fabrics at competitive prices for home consumption as well as export. The Association has been evolving a scheme since 1953 for setting up a rayon factory in this country in collaboration with the SNIA Viscosa Group of Milan, Italy. Its production capacity will be 10 tons of rayon yarn and 5 tons of staple fibre per day by the viscose process. The Indian share of the estimated total outlay of Rs. 10 crores in this project is being raised on a basis of joint participation by the member mills of the Association. It is to be realised by a levy of 10 per cent on the value of the yarn import licences for six licensing periods commencing with the current half year. The factory will come into existence in the later period of the second Five-Year Plan.

Among the current difficulties with which the industry has to cope, the one relating to the levy of the excise duty has not ceased to provoke anxiety. It seems unlikely that the cess of three pies per yard on the output of art fabrics for assistance to handlooms will be withdrawn. But the burden involved in the imposition of the excise duty of Rs. 0-0-6 per sq. yard (reduced from the original budget proposal of Rs. 0-1-6 per sq. yard), with an option to pay a compounded lump sum at the rate of Rs. 22-8-0 per working loom per month, puts a strain on an industry, which bears no comparison whatsoever with the cotton textile industry with which it has been bracketed for the purpose of the levy. The industry has urged for relief from the duty in the coming year. The restriction of imports of rayon fabrics since 1950-51 has been intended as a relief to the domestic industry. Since then imports have fluctuated between 1.15 million yards and 2.80 million yards. The total quantity of imports in 1953-54 was of the order of 2.43 million yards. With the raising of the quota for fabrics in the current licensing period —January to June 1955—from 10 per cent to 20 per cent and the interchangeability of the licensed quota of silk fabrics for art silk fabrics, the volume of import is certain to exceed double the quantity bought from overseas last year. This liberalisation of import policy was as unexpected as it was abrupt and it is apprehended by the industry to operate as a source of fresh and heavy strain, while it is still attempting to consolidate the ground.

Export has become a weak spot in the structure of the industry. It is out of the question to re-attain the high levels of 1948-49 and 1949-50 for some years at least. But during the last two years export has sunk as low as 3.6 million yards and 3.1 million yards. The major explanation of this severe set-back to the industry's markets in the neighbouring countries is to be found in the decline in production and now in the impact of competitive prices offered by other supplying countries. Simultaneously with the organised attempt to raise the production levels, it is essential to recapture the share in the overseas trade. Rebate has been granted at a flat rate of 12 annas per lb of yarn used in fabrics exported, as an incentive. Another valuable aid that has been offered to the industry is the establishment of the Silk and Rayon Textiles Promotion Council. These steps should help to facilitate and expedite the disposal of output.

LARGE-SCALE INDUSTRIES AND EMPLOYMENT

One of the major pre-conceptions which have long coloured the economic thinking of our politicians is that large-scale industrialisation by mechanisation is bound to result in increasing unemployment. This notion owes its origin to ages past when men who made discoveries were done to death as sorcerers. The antagonism to mechanisation existed even as late as the 19th century when machines were destroyed and factories burnt even in Western countries, by workers, like, for example, the Luddites in England. And in our country, there has always existed a disposition on the part of large sections of the people to suggest that large-scale industrialisation has led to the diminution in importance of some cottage industries and resulted in net unemployment. And yet the fact remains that the machine is perhaps the greatest creator of jobs that has ever existed.

It was J. R. D. Tata who, some time back, said that in Britain, within a generation after textile workers had smashed spindles and powerlooms, ten times as many men were engaged in the textile industry as before those inventions. Likewise, he said, in the United States a million jobs in the horse and carriage business were replaced by 6½ million jobs in making, selling and servicing automobiles. Following mass car production by Ford and others soon after, the industries providing machines, power, fuel, oil, metals, rubber, road-building and transport, expanded mightily, and each, in turn, employed more and more thousands.

It is this theme in respect of India that has been convincingly developed in a pamphlet issued recently by the Employers' Association of Calcutta. Entitled, "How large-scale industries help Indian economy", the pamphlet seeks to explain how large-scale industries have strengthened the basis of India's economy, particularly during the past 25 years, and how their further development will help us to increase our general standard of living and provide gainful employment to our vast and growing population.

Supported by statistics, the pamphlet shows how far large-scale industrialisation provides both direct and indirect employment to our people. It points out for instance, that workers numbering about 2.5 million, without taking into consideration the mining and plantation industries, are in receipt of wages which are several times the per capita national income. The wage bill of all the estimated four million workers, according to it, is about Rs. 325 crores—a significant percentage of the total national income. Even more remarkable is the volume of indirect employment. To take but one example, the number of workers involved in the cultivation of jute and its processing for feeding the jute mills, must run into lakhs. The pamphlet makes a safe assumption that the total number of people indirectly employed, on account of the major large-scale industries, should be around 20 million.

A reference, in this connection, to the press note on Government's economic policy, issued by the Committee of the Federation of Indian Chambers of Commerce and Industry, will not be out of place. Stating that various industries in India have expanded to make available to the consumer goods in sufficient quantities and at lower prices, the Committee says: "It is essential that the Government should concern itself with the task of ensuring that the country absorbs the rising production. It must also ensure that production continues to rise on all fronts as quickly as possible to enable fuller employment of our increasing population."

DISCOVERING A DISTINGUISHED NEIGHBOUR

BY

CROESUS

It is really surprising, when you come to think of it, how often one fails or overlooks to observe even important happenings taking place almost next door. Nearer the church, farther, indeed, is the God in these cases. I don't think I can adduce any reasonably or convincingly extenuating circumstance for not paying a visit so far to the Technological Laboratory of the Indian Central Cotton Committee in Matunga, literally within a stone's throw of my residence. Probably I would have continued to live in Bombay without visiting it —as many in Bombay must have done and will perforce continue to do—had I not been one of the party of journalists representing the Press in Northern and Central India who were taken round the Laboratory last Friday.

Established in the year 1924, this Laboratory has many achievements to its credit. Only so few amongst us know that these are great achievements and fewer still are prepared to accept them as such. A prophet is seldom honoured in his own home. Not until the Editor of a well-known International Cotton Journal told some cotton men—some of whom are members of the Indian Central Cotton Committee too—that something done by this Laboratory was unsuccessfully attempted in America, did they realise the valuable work going on quietly in this home of fundamental and practical research in cotton. I have visited a similar place in Manchester, the Shirley Institute—I need not now add that I did it before seeing the I.C.C. Technological Laboratory here—and although doing similar splendid work, it has not been ridiculed, to my knowledge, by any Englishman as "a toy shop" as an eminent Indian judge is believed to have done in the case of the I.C.C.T. Laboratory. Whatever the provocation for the remark, I submit, he need not have gone so far out of his way to ridicule an internationally respected institution. I wish this judge were some day taken round the Laboratory.

Whenever we set up a new laboratory, we naturally import most of the apparatus and technique from foreign countries which have specialised in a given field. The proper test for determining the worth of those manning these laboratories is to find out how far, over a period, they have succeeded in relying on their own and improving upon the originally imported technique and apparatus. Applying this test, I find that the I.C.C.T. Laboratory has come out in flying colours. Consistent with its aim of helping the cotton breeder, trade and industry, it has, I learn, made the following apparatus and technique:

(i) a Stapling Apparatus for the determination of mean fibre-length and fibre weight per unit length;

(ii) a Strength Tester to measure the strength of cotton fibre;

(iii) a small gin suitable for ginning small samples either by hand or by electric drive;

(iv) a balance for the determination of the ginning percentage of 'kapas' (seed-cotton) samples, and

(v) a mirco-spinning technique to spin as small a quantity of lint as 60 gms. as against the practice of spinning 10 lbs.

Many other Indian institutions may have a more imposing list of achievements, but unless the world abroad accepts them, they mean nothing to this country. It is gratifying to learn that some of the apparatuses designed in this Laboratory have found their way even to America. That a still industrially underdeveloped country like India should be exporting some scientific gadgets like these to industrially developed America and other Western countries is as much a matter of pride for our nation as it is a tribute to the young scientists carrying on their splendid work unostentatiously in this Laboratory.

Another achievement of this Laboratory deserves to be widely publicised. It seems to be more the product of the Director's scientific curiosity than the outcome of any special encouragement. For, apart from a casual mention of it in the agenda for one of the I.C.C. meetings, I have seen precious little of it appearing anywhere else, including the publications of the I.C.C. itself. I am referring to the species of vegetable fibre known as 'ramie'. Originally a Chinese plant, it is possible to make it acclimatised to Indian conditions. A few ramie plants in the I.C.C.T. Laboratory are an irrefutable proof that the plant can be grown and extensively cultivated in India, if only people care, and many people will take an interest only when they are told about its potentialities. I understand there is a great demand for it in the U.S.A. whose former source of supply, namely China, has now been cut off altogether.

Few will believe, unless they see it for themselves, that the ramie peel after being "decorticated", gives a strong and beautiful fibre more resembling silk than cotton or jute. The U.S.A. and Japan are said to be using it on a large scale. I gather that a ready demand for at least 25,000 tons exists in America alone. I don't understand why the authorities of the I.C.C. or the Union Government, who seem to have first asked for some information on the fibre, are reportedly hesitant, if not reluctant, to explore the potentialities of this fibre which would appear to offer great possibilities.

An institution like the I.C.C.T. Laboratory deserves, in my opinion, more recognition, more encouragement, more staff and more funds than has fallen to its lot so far. It must be ranked as one of our many national laboratories and treated as such.

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BUSINESS NOTES

SANITY IN WAGE CLAIMS

The dissatisfaction of the Bombay textile workers with the decision of the Labour Appellate Tribunal in their dearness allowance and wage dispute, is clearly not understandable in the light of the changed set-up in real earnings since the standardization scheme was accepted in 1947. In view of the rise in the cost of living index above 325, increased dearness allowance of 10 per cent of the basic earnings has been granted in respect of the period commencing from May 1953. On the ground of increase in the index above the prescribed point of 325, an additional 10 per cent was granted by way of dearness allowance for 1952, stepping up the rate of allowance to 20 per cent of the basic earnings for that year.

The workers' case for consolidation of a substantial part of the dearness allowance with the basic wage and revision of the scale of allowance ignored the reality of the changed and enhanced quantum of their earnings. Costs incurred by the industry towards extra benefits, including education, medical aid, cognate amenities, contributions to the provident fund and employees' state insurance fund, which were absent in the total incidence of the wage bill in 1947, have now pushed up the worker's minimum earnings by over 50 per cent to Rs. 47 per month, at which figure the employees want them to be fixed. The base proposed by workers for determining the minimum wage was the index figure at 280 which they insisted to be the floor for ensuring an essential standard of well-being. In urging this minimum as a fair wage, it was their contention that incapacity of any units in the industry to offer it should not be a relevant consideration. In effect, it was no consideration for the trade unions whether any units were driven out of production and closure entailed loss of employment. Precisely to maintain such units in production and with them to maintain jobs for workers, the Tribunal confirmed the award of the industrial court on this specific point. Apart from the fact that Rs. 30 per month as the basic minimum wage was governed by well accepted standards of computation, and accorded with general approval, the standardization scheme of 1947 cannot be upset lightly in view of its acceptance by 130 industrial concerns in Bombay city. It would most assuredly be foolhardy to set in motion anything like a chain of discontent. Even the textile industry's present position cannot bear extra strain.

LESSON OF EXPERIENCE LOST?

Mr. Khandubhai Desai's inaugural speech at the opening of the Bombay Regional Board of the Employees' State Insurance Corporation gives an indication that the lesson of proceeding steadily with the implementation of the employees' state insurance scheme brought home with such force by the initial experience is being ignored. It seems as if Government is anxious to prefer hasty extension of the coverage of the scheme to building its operational structure on a solid base. A time-lag of six years after the passing of the law was found unavoidable in applying the scheme to the country's premier industrial city and this delay ought to have impressed upon the Labour Ministry the moral of paying greater heed to consolidated progress. Past experience makes it difficult to accept at face value the Minister's assurance that the scheme would be extended to all the principal industrial centres this year. In the face of these stark facts, Mr. Desai announced at the inauguration that the demand for extension of the benefit of medical aid to the entire family of the worker was being examined in relation to the basic factor of the actuarial valuation of the financial resources of the Corporation and offered the voluntary assurance that the wider cover would be extended, if necessary, undeterred by the burden of fresh liabilities on the contributing parties. It will not be without a feeling of anxiety that the sharers in the cost of insurance will watch Government's decision on this premature and precipitate move. Consideration of the financial implications of the possible extension cannot be brushed aside light-heartedly.

That this move is premature is clear beyond doubt from the present state of the procedure for control over the administration of the allotted funds for medical benefit. The administration has been decentralised at the level of the regional boards and it is to be further decentralised, in certain cases, to the local boards. The Corporation will and must continue to hold directive control on the expenditure of the funds by normal instructions as well as by means of strict audit since it bears nearly three-fourths of the burden of finance. But in spite of the introduction of the insurance scheme for some time past now, the Corporation at the top has not enforced an elaborate procedure for administration of the fund. The procedure is still under preparation. The magnitude of the fund and its potential scope clearly utter a warning against haste.

PROTECTION PROBLEMS OF ANCILLARY AUTOMOBILE INDUSTRIES

The diesel fuel injection equipment industry, whose case for protection is at present being investigated by the Tariff Commission, typifies the difficulties which the Commission and the Government will have to meet in evolving policies for the encouragement and rapid development of ancillary automobile industries. The case of giving a push to these industries is easily argued. But all these enquiries which are now being instituted on a systematic basis of priority (the enquiry into diesel fuel injection equipment manufacture is the fourth in the series) are in the nature of enquiries in anticipation of an accelerated programme of expansion. The available data provide evidence of the state of affairs in the initial stage and much of the policy of protection in each individual case must inevitably be formulated on reasonable estimates and intelligent anticipation.

The diesel fuel injection equipment industry offers an illustration of this kind. At the enquiry one leading importer has urged that numerous practical difficulties are bound to arise if the scope of the present enquiry is not restricted to narrow limits. Every reputable overseas engine manufacturer undertakes, in terms of the prevailing conventions, to bind himself by a guarantee of his products and for this purpose every single engine is tested, tuned and if necessary also adjusted before leaving the factory. Manufacturers would find themselves unable to fulfil this obligation of guarantee if engines are exported without the injection equipment and they would hesitate to supply engines in this condition. It is also pointed out that attempts to isolate injection equipment from complete engines for assessment of import duty would entail considerable complications in the clearance of consignments at port towns. This is to imply that a heavy brake will have to be applied to the policy of protection for these ancillary industries and the principle of tardy gradualism may have to be adopted in practice. The urgency of the situation, however, is that these enquiries, which amount in part to the grant of pre-production protection, need direct stimulation for their expansion. It should be feasible to find a via media which will facilitate progressive introduction of pro-

tection for the ancillary industries connected with automobile manufacture.

Since fuel injection equipment for automobile engines as well as for stationary engines is already undertaken in India, the scope of the present enquiry is to cover both the types. Their three sub-assemblies are—pump with filter, nozzle holder and the nozzle itself. One unit went into actual manufacture of the injection equipment for automobile engines in 1954. This is the Motor Industries Company of Bangalore formed in collaboration with Robert Bosch of Western Germany at the end of 1951 and it has undertaken the production of other automobile components also. Its capacity, on double shift basis, is 10,000 fuel injection pumps (single cylinder), 10,000 nozzle holders and 5,000 filters per year. Its actual production was 1,775 cylinder pumps and 1,611 nozzle holders for the short period until submission of information to the Tariff Commission. The production programme for the full year 1955 is 12,000 pumps and 10,000 nozzle holders. The second unit is Fuel Engines of Bombay registered in November 1954, in collaboration with Injector Company A.B., Stockholm, Sweden, scheduled to start manufacture towards the end of 1955. Kulko Engineering Works, Kolhapur (Bombay State), is another unit which is attempting to manufacture its injection equipment for the stationary engines which it has been already producing. An important issue which the Commission has to decide is the initial coverage of protection which is bound to influence the tempo of development

QUALITY CONTROL

The encouraging change in the outlook of the industry and the vigorous campaign which is being launched for creating a climate for self-imposed adherence to standards of quality are reassuring pointers that Indian export industries in particular will be reinforced with greater competitive strength. Mr. G. D. Birla, inaugurating the conference on statistical quality control at Calcutta, picked up the specific case of cotton textiles and urged that the Indian textile industry must be forearmed on the score of quality before the challenge of shrinking export markets poses a new situation. A novel factor in the world textile trade is its possible contraction due to the legitimate aspirations of the cotton producing countries to foster indigenous textile industry. Egypt has raised her protective tariff to 80 per cent and Australia seems likely to follow suit. The Indian industry can no longer derive a sense of security from the price factor. Quality will be an overriding consideration even in countries importing coarse and medium varieties of cloth.

A sense of urgency impelled Mr. Kasturbhai Lalbhai to be not only outspoken but blunt. He made the startling disclosure at a recent meeting of the Ahmedabad Textile Technicians' and Officers' Union that a sample investigation conducted by the Cotton Textile Control Board in certain mills in the leading centres of Bombay, Ahmedabad, Kanpur and Indore brought to light the existence of too many flaws in some of the best fabrics produced. This sorry situation calls for the exercise of strict vigilance. His appeal to his audience places correct emphasis on ceaseless effort to raise the quality of Indian cloth to the level of internationally accepted standards.

STANDARDIZATION IN INDIA DURING 1953-54

The Seventh Annual Report of the Indian Standards Institution for 1953-54 was recently released by the ISI. This report which will be presented to the General Council at its annual meeting in March this year, reveals that during the year under review, 95 standards were issued as against 81 in the previous year. The ISI set up 53 new Sectional Committees, Sub-committees and Panels increasing their number to 423; and, to handle technical work, some 214 Committee meetings were held, against 181 during 1952-53. At the instance of the Planning Commission, the ISI took up the project for steel saving, and the ISI Structural Steel Sectional Committee is expected to formulate ways and means to eliminate wasteful practices in the production and use of steel in India. Following a meeting of representatives of various Government departments convened by the Union Ministry of Commerce and Industry in September, 1953, it was decided that of the 466 Indian Standards issued by March 31, 1954, nearly two-thirds should serve as the basis for purchase by the various purchasing Government departments. This, apart from the obvious benefits that accrue to Indian industry, is a fine achievement for ISI as it speaks highly of its efforts in the field of standardization.

The main fields of industry covered by the ISI's 423 Committees asd Sub-committees are engineering, building, textiles and chemicals. During the year, the 69 standards accepted by the Executive Committee included those for cube and icing sugar, cutlery, electroplating, engineer's files, gas mantles, buckets, copper nails, hooks, packing cases, tiles, potteries, handkerchiefs, turkish towels and towelling, carbon disulphide, carbon tetrachloride, ginger oil, glucose, pigmented cellulose lacquer and gold leaf, among others. The number of industrial firms, organisations and others that co-operate with ISI as sustaining members rose from 814 in the previous year to 896 during 1953-54. The income from membership subscription in (the calendar year) 1953 amounted to Rs. 2.42 lakhs as against Rs. 2.19 lakhs in 1952. The Institution registered an increase of 20 per cent in sales revenue and 10 per cent in the contributory membership during the year.

The ISI is an elected member of the Govering Council of the International Organisation for Standardization and of the Committee of Action of the International Electrotechnical Commission. During the year, the ISI was represented at 26 of the 59 technical meetings, held by these two organisations.

The move to enforce Indian Standards by legislation so as to raise the quality of production both for export and for domestic consumption is a welcome one. India will be able to develop her trade on the basis of standardised samples, and retain her markets with high quality goods. The plea for domestic consumption of more swadeshi goods will never meet with good response unless the goods have a larger degree of dependability and high quality in production.

The applicability of legislative enforcement of standards may initially, however, be limited to selected industries.

TITANIUM DIOXIDE: SEARCH FOR STABILITY

As the strongest white pigment known with the highest refractive index and hiding power, titanium dioxide enters into the requirements of several industries. It is too early to say when this industry will be put on a stable basis. There is only one unit comprising the industry—Travancore Titanium Products—and for the present it relies heavily on British demand not on a normal trade basis but on specific bulk contracts. After a fairly long period of closure due to accumulation of stocks, it resumed production in January 1954 on the strength of a British contract and supplied 437 tons of titanium dioxide of anatase grade valued at Rs. 10.37 lakhs in 1954. For the current year also there is an offer from Britain for the supply of 1,200 tons subject to certain vital conditions. If this offer finally materialises into a contract, the unit will have no immediate problem to face. Such hand-to-mouth

living, however, makes its future precarious and in the interest of stability and expansion in successive stages, it is of great importance that the domestic market should be built up. It is on this root problem that Mr. M. D. Bhat, Chairman of the Tariff Commission, has focused attention in his address at the open enquiry into the present enquiry for continuance of protection after the expiry of the present period in December, 1955.

The present rate of the protective duty is 35-1/5 per cent ad valorem plus 25 per cent of the duty for non-British manufactures and 25-1/5 per cent ad valorem plus 25 per cent for British manufactures. The industry has not made any request for additional assistance in any new form. The quantity imported during the eight months—February to September 1954—amounted to 155 tons valued at Rs. 3.85 lakhs and import licences are granted on an ad hoc basis. Travancore Titanium Products recorded domestic sales of 700 tons in 1954 and if 150 tons of imported quantity are added, the aggregate requirements come to 750 tons. In 1955 they expect the demand to rise by 20 per cent to 1,020 tons divided into 840 tons of anatase grade and 180 tons of imported rutile grade whose production is not yet taken up by them. The Commerce and Industry Ministry's estimate varies from this and puts the present demand alone at about 1,000 tons. The industry normally operates at 95 per cent of capacity which is put at 1,800 tons for exclusive production of anatase grade, but which will be reduced to 1,575 tons if it takes in addition to the production of rutile grade also.

At the first tariff enquiry a reduction in the selling price of anatase grade to Rs. 140 per cwt. and Rs. 154 per cwt. for the rutile grade was recommended by the Commission to stimulate home demand. The unit has maintained the price of the former (which alone is produced by it) at Rs. 135 per cwt. at port towns and Rs. 130 f.o.r. Trivandrum. Practically 95 per cent of the raw materials are produced in India of which ilmenite and sulphuric acid are the basic. It was the Tariff Commission's suggestion that ilmenite should be supplied to the unit at the basic processing charge of Rs. 18 per cwt. as against which the actual price charged was Rs. 27. Some concession has also been made available from Fertilisers and Chemicals (Travancore) in respect of sulphuric acid. On the score of quality there appears to be some room for improvement, but the consensus is that on the whole it gives not much cause for dissatisfaction.

It is not at all clear either from the industry's attitude at the enquiry of asking for no fresh measures of assistance or from the Chairman's close analysis of the present state and problems of the industry what specific measures are proposed to put an end to the state of precarious dependence on annually renewed bulk contracts for export and to stabilise its position on the continuous basis of domestic demand.

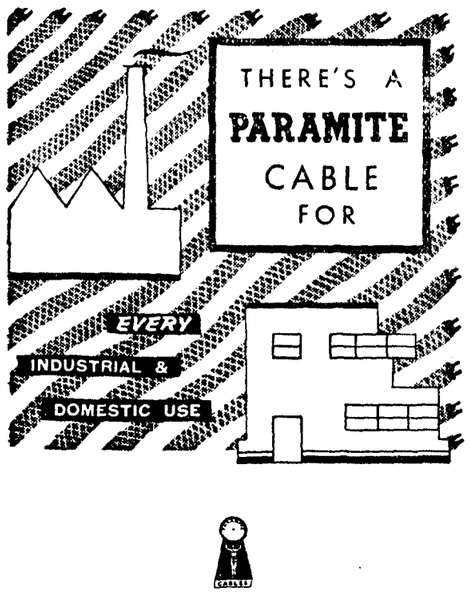
BRITISH TRADE DURING 1954 IN REVIEW

British exports during 1954 are valued at the record figure of £2,674 million—which is 3½ per cent higher than in 1953. The improvement began after a short period of stagnation in 1952-53. Since then, however, the position regarding exports has continued to improve. This year the outcome might have been better but for the October dock-strike which considerably delayed shipments. The expansion last year was accomplished in the face of the American recession. Exports to North America declined though this year there may be some upturn; the decline, was largely offset by the expansion of exports to the Sterling Area, O.E.E.C. and non-Sterling countries outside the Dollar Area. This development of trade has enabled Britain to tide over the dollar problem, and ecoromic co-operation within the region has strengthened foundations for expansion of trade within the Sterling Area and E.P.U. area. Engineering goods (machinery, vehicles, and ship's instruments) now account for 40 per cent of the total value of exports against only 25 per cent before the war; with 264,450 cars exported in 1954 (figures in all cases for first 11 months) compared to 44,100 in 1938. Amongst the exports which are of increasing importance are chemicals and refined petroleum products representing 10 per cent of total exports. The general pattern of export trade seems to have shifted from the old or traditional exports to entirely new goods, and indicates a healthy adaptation to new conditions.

The general prosperity was largely the result of increased production and was indicated by the increased domestic demand both for consumption and investment. Imports increased by £40 million to £3,332.5 million during 1954. The import surplus as shown in the trade accounts declined from £655.4 million in 1953 to £608 million in 1954. Last year the import bill was kept at a low level largely through drawal on stocks, and some increase is, therefore, likely in the next few months. In view of the improvement in the country's balance of payments, and the strengthening of its reserves, such an increase will not impose too great a strain on U.K.'s position externally. The fact that the trend in imports was kept up in the last quarter of 1954 during the dock strike, finds its explanation in that most of the ships entering strike-bound ports had to unload their cargoes before goods held up for export could be loaded.

There was little change in Britain's terms of trade during the year, export prices declined slightly while import prices were a little higher largely on account of higher freight costs. Though the pattern of British exports is more or less dependent on economic trends in the world, the development of trade during 1954 was satisfactory and indications are that 1955 will prove to be another favourable year. The remarkable resilience shown by British industry justifies optimism, for it has proved equal to foreign competition.

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KESORAM COTTON MILLS, LTD.

The audited accounts of the Kesoram Mills Ltd., (Managing Agents: Birla Brothers Ltd.,) for the year ended March 31, 1954, show a decline in the sales figure from Rs. 604.28 lakhs in 1953 to Rs. 552.62 lakhs. Despite the fall in sales, the net profit (after providing for depreciation and taxation) has shown a marginal improvement from Rs. 15.73 lakhs to Rs. 16.38 lakhs. The stocks reveal a downward movement from Rs. 135.77 lakhs in the last year to Rs. 118.55 lakhs. The manufacturing expenses are up by nearly 7 per cent over the previous year's figure of Rs. 66.23 lakhs. The bill for salaries and wages stands at Rs. 112.37 lakhs as against Rs. 107.09 lakhs in 1952 and Rs. 115.70 lakhs in 1953. The directors have provided Rs. 9.85 lakhs for depreciation as against Rs. 7.62 lakhs in the preceding year. Taxation absorbs Rs. 20.00 lakhs (Rs. 25.00 lakhs in 1953 and Rs. 34.00 lakhs in 1952). The directors have proposed dividend on 8,00,000 ordinary shares (Rs. 20 each) at the rate of Rs. 1-12-0 per share free of income-tax absorbing Rs. 14.00 lakhs.

The current market price of the ordinary share being Rs. 23-11-0, the running yield works out at 7.4 per cent.

The working results of the company for the last three years are outlined in the table below:

(In lakhs of rupees)

Year ended March 31	1952	1953	1954
Sales	575.06	604.28	552.62
Stocks	170.67	135.77	118.55
Salaries and Wages	107.09	115.70	112.37
Manufacturing Expenses	74.93	66.23	70.70
Net Profit*	50.39	15.73	16.38
Depreciation	10.74	7.62	9.85
Taxation	34.00	25.00	20.00
Ordinary Dividend (rate per cent per annum)	8¾	8¾	8¾

* After providing for depreciation and taxation.

NEW SAVAN AND GUR REFINING COMPANY, LTD.

The audited accounts of the above company (Secretaries: Messrs. Karam Chand Thapar and Bros., Ltd.,) for the year ended May 31, 1954, disclose a profit of Rs. 96,359. The directors have set aside Rs. 73,493 for depreciation. Dividend on the ordinary shares has been maintained at 4 annas a share. The Lessees crushed 8,14,814 maunds of cane with a recovery of 9.96 per cent during the crushing season 1953-54 as against 19,09,741 maunds of cane with 10.3 per cent recovery in the previous year. Production of sugar was 81,138 maunds and molasses 27,649 maunds. The fall in crushing and recovery is on account of drought in the beginning and unprecedented rainfall in the latter half of the year.

STANDARD BATTERIES LIMITED

The ninth annual report of the Standard Batteries Ltd. (Managing Agents: The Industrial Enterprises Ltd., Bombay) reveals excellent results for the year ended June 30, 1954. The figure for sales stands as high as Rs. 52.25 lakhs as against Rs. 45.56 lakhs in 1951-52 and Rs. 43.76 lakhs in 1952-53. This increase in sales has resulted in an appreciable upswing in the net profit. The stocks have decreased by 22 per cent, from Rs. 9.22 lakhs to Rs. 7.52 lakhs while the salaries and wages are up by a little more than 20 per cent to Rs. 6.92 lakhs. The net profit (after providing for depreciation and not for taxation) has stepped up from Rs. 3.97 lakhs to Rs. 5.58 lakhs during the year under reference. The directors have appropriated Rs. 3.31 lakhs and Rs. 2.07 lakhs for depreciation and taxation respectively in the year. The ordinary dividend has been raised from 6 per cent to 8 per cent per annum (tax free) absorbing a sum of Rs. 1.60 lakhs. The carry forward for the year comes to Rs. 2,785.

During the year under review, the Company commenced manufacture, for the first time in India, of special type of aircraft batteries for Trainer Aircrafts. The Company has also started manufacture of wireless batteries for the Defence Services.

The fluctuations in the fortune of the Company during the last two years are tabulated below:

(In rupees)

Year ended June 30	1953	1954
Sales	43,75,694	52,25,072
Stocks	9,22,485	7,51,490
Salaries and Wages	5,75,144	6,92,323
Net Profit*	3,97,075	5,57,962
Provision for Depreciation	2,33,199	3,31,227
Provision for Taxation	80,000	2,07,000
Ordinary Dividend (rate per cent per annum)	6	8

* After providing for depreciation and not for taxation.

PUNJAB NATIONAL BANK LTD.

Subject to audit, the working of the Punjab National Bank Ltd., for the year 1954, has shown outstanding results in respects of its deposits, profits and total assets and has reached record figures.

The deposits of the Bank as on December 31, 1954, exceed Rs. 75 crores as against Rs. 65.7 crores as on December 31, 1953, showing an increase of about Rs. 10 crores. The progress in 1954 compares very favourably to increase in deposits in 1953, which amounted to Rs. 6.37 crores.

The profits of the Bank for the year, including Rs. 3.10 lakhs brought forward from previous years account, amount to Rs. 56.85 lakhs as against total of Rs. 41.78 lakhs in 1953, showing an increase of over Rs. 15 lakhs.

The total assets of the Bank exceed Rs. 90 crores, as against Rs. 79 crores as at the close of 1953.

The Bank opened 12 more offices during the year under review bringing the total number of offices now serving the nation to 312.

DENA BANK

The net profit of Devkaran Nanjee Banking Co., Ltd., for the year ended December 31, 1954, including Rs. 1,55,362-3-10 brought forward from last year's account, amounts, subject to audit, to Rs. 9,49,911-7-9 (after allowing Depreciation on Furniture Rs. 65,035-7-11 and Bank Premises Depreciation Rs. 25,000). Out of this, the directors have made the following appropriations:

To Reserve Fund	Rs.	1,60,000-0-0
To Investment Reserve (Raising the Reserve Funds to Rs. 28,10,000)	„	50,000-0-0
To Provision for Taxation	„	3,75,000-0-0
and propose to appropriate the balance as under:		
To pay Dividend for the year at Rs. 2 per share (free of income-tax) on 1,00,000 shares	„	2,00,000-0-0
and To Carry Forward	„	1,64,911-7-9
TOTAL	Rs.	9,49,911-7-9

The table below compares the figures of the last two years:

(In rupees)

	31-12-54	31-12-53
Authorised Capital	1,00,00,000	1,00,00,000
Subscribed and Paid-up Capital	50,00,000	50,00,000
Reserve Funds	28,10,000	26,00,000
Deposits	12,56,000	10,37,000
Working Funds	15,36,000	12,96,000
No. of Accounts	96,000	85,000
No. of Offices	62	59

COMMODITY NEWS AND NOTES

EXPORT AND PRODUCTION OF JUTE MANUFACTURES

Shipments of Indian sacking declined in December, 1954, as compared to November due to sharp increase in prices and were 32.3 million bags as against 45.8 million bags. Exports of hessian on the other hand rose to 135.7 million yards as against 123.4 million yards in November and 99.3 million yards in October, 1954. Hessian exports to U.S.A. rose by 5.9 million yards to 68.8 million yards during the month of December and exports to Canada from 7.4 million yards to 8.4 million yards; to Argentina and Montevideo exports improved from 15.1 million yards to 21.2 million yards. Australia improved her offtake from 3.7 million yards to 4.2 million yards. Exports to U.K., however, declined from 18.9 million yards to 15.8 million yards.

During December 1954, production of jute goods improved over the previous month. Hessian production went up from 35.8 thousand tons to 36.5 thousand tons, sacking from 49.8 thousand tons to 54.4 thousand tons and other varieties from 3 thousand tons to 3.1 thousand tons. The total output in December amounted to 94 thousand tons against 88.6 thousand tons in November 1954. It is remarkable to note that the total production of hessian during 1953 and 1954, was exactly equal at 388.9 thousand tons. The total production of sacking during the year 1954 rose to 506.1 thousand tons against 450.5 thousand tons in 1953. The total production of all classes of goods was fairly higher in 1954 at 927.7 thousand tons compared with 869.2 thousand tons in 1953.

U.K. CEMENT PRODUCTION—1954

U.K. cement production averaged a rate of 1 million tons a month during 1954, which is higher than 1953, by some ¾ million tons or more than 6½ per cent. The latest full U.K. trade accounts show that exports of cement in the eleven months to the end of last November amounted to 1.74 million tons, valued at just over £10.2 million. Exports during 1953 were 1.99 million tons valued at nearly £11.8 million.

PEPPER EXPORTS

The trade circles have welcomed the reduction of export duty on pepper from 30 per cent ad valorem or Rs. 65 per cwt., to 15 per cent ad valorem. Pepper exports have not fared well during the last few years. In the first nine months of 1952 export earnings were Rs. 15.1 crores from 11 thousand tons. The figures for the corresponding period of 1953 and 1954 are Rs. 11 crores from 8.9 thousand tons and Rs. 8 crores from 11.4 thousand tons respectively. The present step is expected to cause favourable reactions abroad regarding prices. For another four or five months Indonesian crop is not expected to arrive and during this period India can sell her exportable surplus.

SURVEY OF OILSEEDS CRUSHING INDUSTRY

The Government of India have decided to appoint a Committee to go into the entire question of the oilseeds crushing industry in India, including crushing both by village ghanis and by mills. In the first Five-Year Plan, the Planning Commission attached great importance to the development of the village oil industry and suggested, inter alia, the adoption of a policy of developing production of edible oils through the village oil industry and that of non-edible oils through oil mills. The Commission also recommended that further expansion of the large-scale industry should not ordinarily be permitted in the sphere of food processing industries and that a small cess should be levied on mill oil for the benefit of the village oil industry. According to its terms of reference, the Committee will carry out a rapid survey of the state of the oilseeds industry and recommend the lines on which it should be developed in future. In particular, it will examine and report,

(a) whether it is necessary to increase or to reduce the existing oilseed crushing capacity of mills,

(b) whether it would be desirable to reserve any particular oilseeds for crushing by the village ghani only, having regard to the effect of such reservation on the efficiency of production of oil and its nutritional value and having regard further to its effect on employment, supply of oil to consuming industries and exports, and

(c) whether it is necessary to give any assistance to the village oil crushing industry.

BAN ON EXPORT OF UNGRADED WOOL

The Government of India have decided to prohibit, with effect from February 1, 1955, export of wool obtained from sheep and produced in India to any other country unless such wool is graded according to the prescribed rules and instructions and has been certified to this effect by the Agricultural Marketing Adviser. Government have been receiving complaints from the various foreign importers of Indian wool that the parcels of wool exported from India are not of uniform quality. This drawback has had the effect of lowering the price of Indian wool in foreign markets, and continuance of this position may also adversely affect India's exports. Government have, therefore, decided to put a ban on the export of ungraded wool.

NATURAL RUBBER PRICES

A steady rise in the price of natural rubber by about 40 cents than at the beginning of 1954 has caused a general satisfaction in Malaya and has meant an improvement in her external trade. In Ceylon the effect has been otherwise. Ceylon had contracted with China for a supply of 50,000 tons annually. The 20,000 tons already shipped to China were priced at 2s. 3d. sterling a pound—4d. below the prevailing Mincing Lane price. If the upward trend in the world prices continues, Ceylon will not be able to make use of this modest boom, unless she asks China for a price revision. Ceylon has faced such a situation for the first time in exports to China. Formerly more rubber than the contracted quantity was sold at rates well above the prevailing world prices.

SYNTHETIC RUBBER PLANT IN FRANCE

A company to produce synthetic rubber in France will be formed shortly by ten prominent firms, comprising two petroleum companies, three tyre manufacturers and five chemical companies. The plant will be erected in the Rown area. It is being planned for a 20,000-ton capacity and is expected to operate in 1957. The isobutyl required for this type of rubber will be supplied by the refineries of the two participating oil companies.

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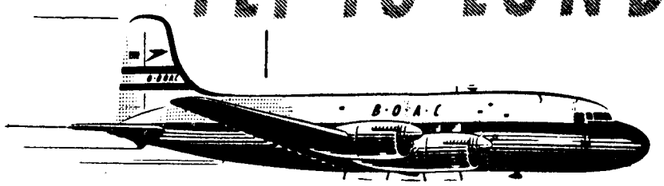
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954 ..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March „ c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April „ c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ c ..	343.2	441.0	355.6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July „ c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100 5	88.4	118.2
November „ c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
Week Ending										
11-12-1954 ..	318.4	438.4	348.3*	375.1	583.4	368.5*	90.3	100.7	88.3	113.4
18-12-1954 ..	317.4*	432.6	346.6	374.3	576.1	366.6*	90.4	100.7	88.1	114.2
25-12-1954 ..	319.3	432.4	346.5	374.2	574.2	367.1	90.5	100.7	88.5	114.2
1-1-1955 ..	318.4	429.7	346.0	374.4	570.5	366.3	90.4	100.7	88.5	114.2

†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†
							Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	—	134	—	145	143	—
November	344	361	—	139	325	387	—	—	—	—	—	—
December	—	—	—	135	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 15-1-1955			8-1-1955			1-1-1955			25-12-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	90- 9	88-14	89-11	89- 4	88- 2	88-11	88-13	87- 9	88- 7	88-10	87- 10	88- 3
Silver (per 100 fine tolas)	158- 6	155- 8	157- 0	155- 6	153- 3	154-12	155-10	154- 4	155- 1	155- 6	152-14	153-14

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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
May 1954	1,220,26	25,62	1,245,88	40,02	688,15	728,17	58.45	96,49	417,75	1,245,88
June ,,	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,60	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
Week Ending										
3-12-1954	1,182,37	14,33	1,196,71	40,02	633,15	673,15	56.25	105,79	417,75	1,196,71
10-12-1954	1,212,05	13,45	1,225,51	40,02	663,15	703,17	57.38	104,59	417,75	1,225,51
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95
24-12-1954	1,195,62	30,88	1,226,51	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51
31-12-1954	1,200,49	26,01	1,226,50	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50
7-1-1955	1,219,29	15,80	1,235,09	40,02	663,15	703,17	56.93	104,24	427,69	1,235,09

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
May 1954	93,14	20,61	43,30	46,10	203,15	28,47	241,62	25,90	10,11	65,23	1,12	57,83	71,91	9,51
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	18,58	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
Week Ending														
3-12-1954	69,66	11,82	76,29	34,34	192,12	19,51	221,62	14,57	6,06	89,62†	80	14,59	86,99	8,99
10-12-1954	67,80	7,73	65,66	34,59	175,78	23,76	209,54	13,75	7,08	69,40†	2,67	20,37	87,13	9,13
17-12-1954	62,76	11,64	67,57	34,66	176,64	16,18	208,71	26,68	9,13	70,26†	1,92	15,12	76,41	9,19
24-12-1954	62,53	13,72	66,92	34,23	177,41	16,60	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59
31-12-1954	54,89	16,74	69,13	34,39	175,15	16,85	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65
7-1-1955	52,96	11,10	63,83	34,40	166,35	16,59	192,94	16,03	4,75	66,90†	2,75	18,33	74,50	9,68

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

SCHEDULED BANKS

(Rs. in Lakhs)

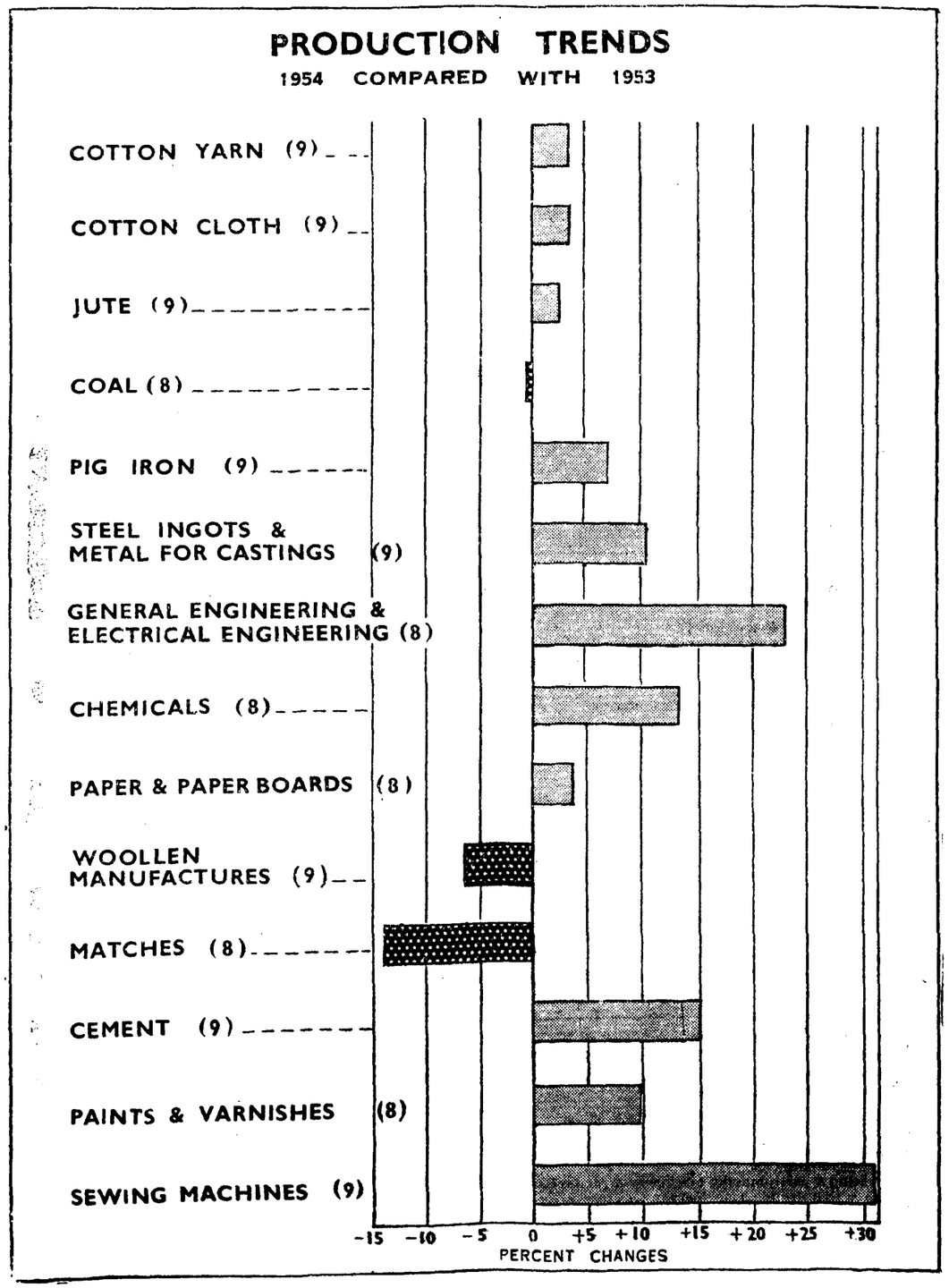
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,43
May ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	60,87	62.77	300,46
June ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	58,38	61.32	309,77
July ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	52,83	57.69	314,39
August ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	49,09	56.01	323,14
September ,, ..	525,51	330,22	855,73	31,12	48,48	9.30	422,67	43,68	54.50	331,04
October ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	39,55	53.15	336,85
November ,, ..	525,93	334,01	859,94	32,18	55,21	10.15	414,71	39,76	52 96	338,57
December ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	42,06	53.15	337,21
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
Week Ending										
11-6-1954 ..	543,30	330,94	874,24	33,19	42,23	8.63	473,09	88,03†	64.18	327,31
18-6-1954 ..	541,94	333,43	875,37	32,40	41,34	8.42	470,47	86,51†	63.63	327,44
25-6-1954 ..	546,80	334,40	881,19	33,02	41,83	8.49	465,64	83,95†	62.37	326,83
2-7-1954 ..	546,35	335,62	881,97	32,18	43,57	8.59	469,82	83,26†	62.71	327,31
9-7-1954 ..	544,05	336,96	881,01	31,60	42,95	8.46	467,30	79,87†	62.11	328,04
16-7-1954 ..	550,19	340,47	890.66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,29	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350,15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55:29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66.02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.01	348,04

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

FLUCTUATIONS IN SECURITY PRICES IN 1954

Index Numbers: 1949-50=100

	1954					
	Begining of year January 2	Year-end December 25	Difference	High	Low	Variation
Variable Dividend Industrial Securities						
Total ..	**97.9**	**114.2**	**+16.3**	**121.4**	**97.3**	**24.1**
Financial: Total ..	88.7	88.9	+0.2	91.9	87.3	4.6
Banks ..	88.3	85.4	−2.9	88.6	84.0	3.7
Insurance ..	96.5	109.8	+13.3	113.4	96.3	17.1
Investment Trust ..	76.1	94.0	+17.9	97.1	74.1	23.0
Public Utilities: Total ..	107.6	113.4	+5.8	124.2	106.6	17.6
Electricity ..	114.8	123.7	+8.9	129.4	114.7	14.7
Shipping and other Transport ..	98.4	96.3	−2.1	123.5	94.1	29.4
Railways ..	79.2	87.5	+8.3	92.3	79.2	13.1
Manufacturing Industries: Total ..	99.7	117.7	+18.0	127.2	99.0	28.2
Cotton, Woollen, Silk ..	96.1	105.3	+9.2	115.6	95.8	19.8
Jute ..	83.8	100.3	+16.5	105.6	80.4	25.2
Iron and Steel ..	108.1	136.3	+28.2	152.5	106.8	47.7
Paper ..	164.7	213.9	+49.2	230.4	164.7	65.7
Cement ..	121.6	145.5	+23.9	155.4	117.3	38.4
General Engineering ..	122.0	157.4	+35.4	170.4	120.4	50.0
Sugar and Breweries ..	85.7	105.3	+19.6	106.2	85.2	21.0
Chemicals ..	103.1	137.5	+34.4	145.2	103.1	42.1
Non-Manufacturing Industries: Total ..	102.4	150.3	+47.9	152.0	102.0	50.0
Coal ..	75.9	80.1	+4.2	88.4	75.8	12.6
Mining and oil ..	140.2	189.5	+49.3	209.1	139.1	70.0
Plantations ..	102.9	175.9	+73.0	170.5	102.4	68.1
Miscellaneous ..	90.3	100.3	+10.0	107.9	89.9	18.0
Government and Semi-Government Securities						
Total ..	**90.3**	**90.5**	**+0.2**	**90.9**	**90.1**	**0.8**
Government of India ..	90.1	90.3	+0.2	90.8	89.9	0.9
Indian States ..	95.6	96.0	+2.4	96.0	95.6	0.4
Municipal, Port, Trust, etc. ..	89.2	89.4	+0.2	89.4	89.1	0.3
Debentures of Industrial Concerns						
Total ..	**101.8**	**100.7**	**−1.1**	**101.8**	**100.4**	**1.4**
Electricity ..	103.4	102.0	−1.4	103.4	100.9	2.5
Jute ..	98.8	98.8	—	98.8	98.7	0.1
Plantations ..	99.6	99.6	—	99.7	99.6	0.1
Sugar ..	100.7	90.3	+1.4	100.7	99.3	1.4
Coal ..	90.6	90.6	—	90.6	90.6	—
General Engineering ..	103.1	101.0	−2.1	103.8	101.0	2.8
Shipping ..	103.1	100.2	−2.9	103.1	100.2	2.9
Others ..	100.2	100.8	+0.6	100.8	100.2	0.6
Preferance Shares						
Total ..	**88.1**	**88.5**	**+0.4**	**89.5**	**87.5**	**2.0**
Electricity ..	98.6	96.8	−1.8	98.6	94.2	4.4
Cotton ..	84.0	79.5	−4.5	87.0	79.2	7.8
Jute ..	86.9	88.8	+1.9	89.2	84.8	4.4
Coal ..	91.0	89.4	−0.6	91.4	89.2	2.2
Iron and Steel ..	90.8	90.1	+0.7	94.3	89.8	4.5
Sugar ..	76.1	84.0	+7.9	84.0	74.1	9.9
Paper ..	89.4	91.2	+1.8	92.0	81.8	10.2
Plantations ..	90.5	97.0	+6.5	97.0	88.9	8.1
Miscellaneous ..	87.4	87.2	−0.2	89.4	85.5	3.9



NOTE: Figures in brackets denote the number of months on the basis of which the annual rate of production for 1954 is arrived at.

The annual estimate for 1954, based on the actual figures of production for the first nine months, shows an increase of 6.2 per cent above the production in 1953.

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	November 1954	11 Months Jan.–Nov.	
				1953	1954
Total All Exports	114,717	113,443	18,822	101,481	125,354
Of which :–					
Tea	48,743	51,928	12,687	44,747	60,008
Leather, leather manufactures & dressed furs	9,284	14,009	996	12,996	11,869
Tobacco & tobacco manufactures	6,956	5,790	426	5,327	6,743
Hides, skins & fur skins, undressed	540	958	112	895	900
Wool & other animal hair	3,496	4,608	618	3,943	4,956
Cotton	2,297	2,993	101	2,817	2,330
Miscellaneous textile fibres & waste	1,395	629	72	605	1,040
Metalliferous ores & metal scrap	3,960	4,388	305	4,079	2,854
Miscellaneous animal & vegetable crude materials, inedible	4,364	3,258	527	3,068	4,215
Animal & vegetable oils, fats, greases & derivatives	3,573	2,442	223	2,420	1,727
Miscellaneous textile manufactures	16,578	12,736	1,318	11,262	14,952

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	November 1954	11 Months Jan.–Nov.	
				1953	1954
Total All Imports	112,635	114,491	6,293	104,851	104,448
Of which :					
Machinery other than electric	29,595	27,791	1,658	25,550	24,893
Electric machinery, apparatus & appliances	17,138	17,944	628	16,689	13,543
Wool & other animal hair	3,293	4,828	135	4,560	4,491
Petroleum & petroleum products	2,509	3,953	123	3,841	4,548
Chemicals	13,426	13,058	976	12,076	13,517
Paper, paperboard & manufactures thereof	1,923	1,229	157	1,178	1,225
Iron and steel	4,785	4,689	350	4,222	5,337
Non-ferrous base metals	1,631	2,137	134	2,031	1,468
Manufactures of metals	6,329	7,309	201	6,902	4,672
Railway vehicles	5,655	3,758	118	3,530	2,900
Road vehicles & aircraft	9,564	8,758	414	7,896	8,434
Scientific instruments; photographic & optical goods; watches & clocks	1,896	2,206	127	2,082	1,937

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	November 1954	11 Months Jan.–Nov.	
				1953	1954
Total Machinery	46,733	45,735	2,286	42,239	38,436
Of which :–					
Boiler & boiler-house plant	1,458	1,653	78	1,530	1,311
Internal combustion engines	4,511	1,356	148	1,231	1,713
Agricultural machinery	495	151	8	143	168
Machine tools (excluding portable power tools)	1,336	1,934	91	1,822	1,762
Pumps	980	856	56	798	673
Industrial & works trucks & tractors & mechanical handling equipment	1,024	1,471	113	1,300	1,406
Excavating & earth-moving machinery & road rollers	867	528	76	468	580
Mining & well drilling machinery	546	519	31	477	429
Printing & bookbinding machinery & printing type	628	791	73	755	530
Textile machinery	8,668	6,990	360	6,407	6,227
Air-conditioning & refrigerating machinery	253	290	18	264	233
Generating sets, generators & motors	2,184	2,689	63	2,450	1,961
Converting machinery, transformers, switch gear & switchboards	3,321	4,606	130	4,076	3,669
Electronic valves, & radio, television, radar & sound reproducing apparatus	2,203	1,485	89	1,436	1,479
Electric cables, wires, strips & strands, insulated	5,026	5,034	123	4,891	2,499

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.)

AIR FREIGHT EDITION

THE Eastern Economist

VOL. XXIV. NO. 4. NEW DELHI: JANUARY 28, 1955. ONE RUPEE

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The Fifth Anniversary

THE fifth anniversary of India's Republic Day has been celebrated this week throughout the country with an enthusiasm which has appeared to exceed anything witnessed before, except perhaps Independence Day in 1947. The five years of the Republic have been a period during which severe trials on many fronts have been followed by substantial achievement. The people of India have grown with the pride and self-reliance that comes with the feeling of great tasks well and successfully begun. The countrywide jubilation is a measure of that consciousness of new strength which the people have discovered in themselves. Republic Day was an occasion on which they could show their gratitude to the leadership which has inspired them in their high endeavour. The nation's spontaneous tribute to Prime Minister Jawaharlal Nehru and its freely expressed faith in him as the captain of the ship of State which has weathered the

several crises which beset the early stages of its voyage, have probably not many historical parallels, at least in living memory.

This was also the impression given by the spectacular 60th Session of the Indian National Congress at Avadi, which concluded earlier this week. As a political organisation which had served as a successful instrument of action for the country's leadership in the fight for freedom, the Indian National Congress seemed destined to decline when the leadership left over had to work with the vastly different and altogether separate tools of government. The Congress was deprived of function as well as of leadership as a national organisation; and merely as a political organisation, competing with others for political power, it could not acquire or maintain its old stature. Prime Minister Jawaharlal Nehru's leadership of the government had, as it were, dwarfed his own leadership of the Congress. At Avadi, the Congress organisation has shown itself still capable of making a fresh bid to recapture something of its earlier prestige. It has set for itself new goals of endeavour and chosen a new leader to symbolise its earnestness in attaining them. The main outcome of the Avadi session was to show that the Congress organisation is not only ready to proclaim that it has delivered the goods by acting all along as the transferee of State power in India but that it is also learning to dress up its shop windows more effectively than before to display its wares.

This indeed has been an hour of triumph, well earned as much by steadfastness of purpose and honest effort as by a favourable turn in the country's fortunes. The importance of the second factor is unlikely to be minimised in the future even when the country's faith in advancing through its own efforts increases steadily in the future. The Republican Constitution adopted five years ago marked the end of the political phase of India's progress. The integration of the country under this Constitution was a prelude to the social and material progress that was to be attempted thereafter. The appointment of the Planning Commission, almost as a first step of this new programme, had provided proof of the sincerity with which the goals formulated in the Constitution were sought to be translated into practice. After five years, there has been a renewed affirmation of the country's faith in the validity of those goals and in its capacity to realise them. The implications of these objectives, set out in the preamble to the Constitution and in the Directive Principles, have at no time been overlooked. If they had been, the apparently sudden formulation of the slogan of "socialistic pattern" of society would have caused more surprise than it has now done.

It is clear that India's Constitution has been taken quite seriously. Its distinctive feature, which made it an improvement over the interim Constitution of 1947 much of which is still preserved, did not lie so much in the new institutions like the second chamber or the President, as in the statement of high objectives to be realised and the fundamental rights to be preserved and enlarged as an integral part of the Republican democracy. The Constitution had rejected as outworn the maxim that the passion for equality made vain the hope for freedom. It had formulated a conception of equality which was pragmatic, sound and attainable without entailing the sacrifice of freedom in any of its desirable and well-known aspects. The celebration of Republic Day would be without meaning if it were not to be made an occasion for paying homage to the Constitution which created the Republic and committed it to the goals and the means set out therein. And in this year, when the possibilities are increasing of confusion of ends and means in working the Constitution there is special reason for reminding ourselves of this fact.

This lack of due reverence has been shown not only in the readiness to contemplate changes in spirit and substance, whenever the means adopted by the State encountered resistance from the constitutional principles. Such amendments are, perhaps, entirely within the privileges of a democracy, whenever the majority is persuaded to adopt a particular course. The only privilege which is denied to any majority is that it cannot at any particular time so act as to bind future majorities against adopting any other course which they consider proper. But not every aspect of a democracy is a simple rule of the majority. The rule of the people, by the people, has been reconciled with the existence of agencies not directly elected or owing responsibility to the people but nevertheless vitally concerned in safeguarding their privileges. An independent judiciary, which has a special place amongst such agencies, is a voluntary creation under a democratic system as a safeguard against the excesses possible under the system itself. Acting in this tradition, the Indian Constitution had conferred both a prominent status and a high responsibility on the courts. In the five years of the working of the Republican Constitution, there is reason for as much pride in their working as there is in the vindication of the faith placed in the universal franchise which the Constitution had conferred on the people for the first time in their history.

Today, the people of India must remind themselves of their duty to abide by the framework of the Constitution as much as to show their loyalty to the persons who have worked it to their advantage. It is not always that the political processes make possible this understanding of the higher loyalty due to the Constitution. The politician, for example, who is repudiated by an electorate is always under a temptation to characterise the electorate as undeserving of full democracy in order to conceal his own bankruptcy. So with the politician who encounters obstacles from other agencies of the State in the due discharge of their constitutional responsibility. These declarations cannot always be taken at face value. The degree of publicity which such statements receive loads the scales heavily against the interests affected thereby which are not equally vocal.

India's political structure has worked well and smoothly enough at all levels in these five years to justify faith in its suitability for all the tasks ahead. The executive and the legislative branches have been ably assisted by the administrative apparatus in successfully undertaking new tasks. The judiciary has, consistently in keeping with its long tradition of aloofness from questions of public policy, ably fulfilled its constitutional responsibility of interpreting public policy as it had been translated into law. It would be less than honest to create the impression that the courts have intruded in order to challenge any policy by extending a jurisdiction which they did not possess or by defining the law other than by the well-known canons of interpretation. On this fifth anniversary, it is necessary to rediscover that the Democratic Republic has to be sustained in the future by all its agencies and not by any one of them growing abnormally at the expense of the rest.

The Defence of Formosa

PRESIDENT Eisenhower's message to Congress this week seeking special authority for the defence of Formosa and the Pescadores has highlighted a situation which is full of grave possibilities for the future of peace in Asia and in the world. Communist China has shown growing indignation over American protection to Chiang Kai-shek in Formosa and has proclaimed in unequivocal terms its determination to "liberate" Formosa. If both sides are thus irrevocably determined to carry out their respective intentions, a head-on clash seems inevitable and the uncertain peace that has prevailed in this area since the Geneva Agreement on Indo-China seems once again in danger of being broken. This threat to peace has to be judged quite apart from the question of the rights and wrongs of the main parties to the dispute over the future of Formosa. If there is a breach, who should be regarded as taking the initiative? This is clearly a question which will be uppermost in the minds of the people of Asia who are very near to the scene of a possible explosion and to whom the Communist claims often appear prima facie to be reasonable.

There are two aspects of the Peking Government's claim to secure control of Formosa which should be clearly distinguished. The first is China's legal claim to Formosa as an integral part of China's territory; the second is the anxiety to see that a territory, to which such legal claim exists, is not used as a springboard for an offensive against the mainland of China, either for the purpose of attempting the continuation of the civil war and the return of Chiang Kai-shek or even merely for causing disturbances which would divert and hamper the work of internal consolidation and reconstruction. The two issues are not as closely linked as may appear at first sight.

The legal status of Formosa has been in greater doubt than that of Tibet before its occupation by the Communists. Whereas in the latter case the Peking Government forced the conversion of a tenuous Chinese suzerainty existing earlier into full sovereignty, the question of the status of Formosa has been historically linked with certain explicit international understandings in the past. The effect of these understandings at the present time is by no means clear. The Cairo and Potsdam declarations certainly promised the restoration of Formosa to China; and when Japan relinquished her claims on the island under the surrender terms, Formosa was returned to Chinese control. It did not follow that sovereignty in its legal sense passed automatically to China; such passing depended on the Japanese Peace Treaty. But the circumstances under which this Treaty was negotiated without China's participation did not enable the provision for any such transfer. Meanwhile, the conditions under which the original promises were given have changed since the establishment of the fugitive Chinese Government in Formosa. It cannot, of course, be denied that the right of the Nationalist Government to stay in Formosa is itself derived from the 'de facto' restoration of the island to the Nationalist Government. The right of the Peking regime to this 'de facto' control as a successor government is, however, not legally so complete or unimpeachable as to justify the determination to secure it. Nor can it be demonstrated that the people of Formosa, including the Chinese Nationalists, have a strong preference for coming directly under the rule of the Peking Government.

This indeed is the chief limitation of the Chinese Government's claim, which makes it desirable that the whole question must become a matter for fresh discussions. This limitation, however, is often obscured by the counter-claim of the United States that Formosa is an important link in her security system in the Pacific, giving the talking point for China, which impresses Asian opinion, that if American security can lie as far as in Formosa, the interests of a security of another Big Power like New China can more plausibly lie as far as Formosa, for which she has at least some claims which are deemed to be deserving of high-level discussion. American policy has not by any means kept the issues clear. In January 1950, President Truman had disclaimed any intention to establish U.S. military bases or get the U.S.A. involved in the civil war on behalf of Chiang Kai-shek—a position which was modified in June of that year, when Formosa was taken under the protection of the U.S. Seventh Fleet after the outbreak of war in Korea. It is quite clear that American dislike of Communist China and obligations to their "loyal ally" Chiang Kai-shek have created attitudes which have confused the issues.

What is significant is that the United States is now fully resolved to defend Formosa and the Pescadores. The mutual defence treaty with the Nationalist Government signed last month covers a definite commitment on this point. Under the authority now sought before Congress—which will be readily conceded—the President has further expressed the desire to deploy and consolidate Chiang Kai-shek's forces "if it should so desire," through assistance offered by U.S. armed forces for withdrawals from indefensible positions in the coastal islands. All these steps are now taken as firm indications to Communist China of American "readiness to fight, if necessary, to preserve the vital stake of the free world in a free Formosa."

This is a clear warning and must be reckoned as an important part of the situation whether we agree or not on its merits. It proceeds on the belief that such a clear warning would prevent an immediate threat to these islands. It has not involved a change in the substance of American policy. On the other hand, it is well understood that the defence treaty with Chiang Kai-shek would exert a restraining influence on the Nationalist armies in attacking the mainland. If the situation is thus stabilised, Communist China can have less reason to fear that Formosa would prove a perpetual threat to the mainland. Her legal claim for the island is neither so convincing nor so urgent as to act as 'casus belli'. It is one which can best be settled through international negotiations in future when conditions favourable for such talks are created by all sides. American policy, on the other hand, must recognise the importance of allowing Communist China to take its place in the United Nations to enable such discussions on a proper footing.

The situation, however, depends on how the U.S.A. would interpret its responsibilities. The President has pointed to the need also "to take into account closely related localities", attacks on which are recognisable as parts of an attack on Formosa. Obviously, such localities cannot refer to the chain of islands close to the mainland like Quemoy or the Tachens which can equally legitimately be regarded as essential to the security of the Government of the mainland. President Eisenhower has a great responsibility in ensuring that the interpretation of his words is not left to his "loyal ally" or to his own more impetuous Defence Chiefs who have behaved as if they have been straining at the leash. Without direct provocation it seems unlikely that the Communists would now launch a costly and hazardous offensive against Formosa in the face of the powerful forces arrayed against them. Nor can U.S. policy commit itself to defending the free world without convincing her allies therein that she was not too lightly endangering the peace of the Pacific and of Asia.

The Nation's Health

THE Health Minister's account of the progress in the development of the health services, rendered before the third annual meeting of the Central Health Council this week, was not indeed a heartening one. It was a tale of failure in organisation in a field in which the problems were not new, though a new approach was essential to the problem of expanding the health services as part of the Five-Year Plan. The failure does not lie merely in the matter of the outlay on the health schemes. The States had succeeded in spending in three years nearly half of their total planned outlay of Rs. 82.44 crores. This is not too inadequate; indeed, the States who have all along had the sole responsibility for health schemes had only included much of their normal expenditure under the Plan. The Centre had offered to add Rs. 20.3 crores to this total but in the first two years had only succeeded in spending Rs. 0.3 crores and the revised provision of Rs. 2.63 crores in the third year looks more like a pious hope than a serious attempt to step up the work on its schemes. It would not be necessary to judge the Health Ministry solely by this test of success in the outlay if there had been other redeeming features. Viewed against the vast scope that exists for the reorientation of the country's Health Organisation, the achievement seems pitifully meagre.

The failure is as much in conceiving the problem of health in terms which will catch the public imagination as in finding ways of executing them. The extension of the activities in the elimination of certain epidemics and endemic diseases as part of the preventive measures is very important but they will no longer be matters for special claim for achievement since they only involve routine intensification of known types of activity. The problem here is how best to municipalize the responsibility quickly. This must be tackled at the administrative and political levels. More DDT, more spraying and lesser and lesser malaria is a formula which either in terms of cost or in terms of skill has ceased to be difficult. With the availability of funds and of the types of personnel needed for such work, the record could have been better. So with other diseases preventable by vaccination or by sanitation. Compared to the accomplishments in countries like Ceylon in these fields, even long before some of the modern drugs were available for extensive application, there has not been enough progress.

It is possible that the Health Ministry will not be able to get its perspective corrected until after the "physical needs" approach, now contemplated for the second Five-Year Plan, is made in the field of health measures. In few other fields would this approach be more appropriate than in respect of health, education and postal facilities. The common man's need of medical relief has been shown to be as deeply felt as his concern over setting up a school or having a post office. Until the Central and the State Governments can set before themselves a slogan—such as "a doctor within five miles"—and a target date to attain it, it would be difficult for popular enthusiasm to bulge merely over more DDT squads carrying out what now has become a normal part of Government's work.

The vast organisation that will be required for the ordinary needs of the population, even when much of the preventable and communicable diseases is reduced, is still unborn over most of the country. True, it cannot be created in a short time: but the means even for their eventual creation do not appear to have been grasped yet. There is the same old cry over the inadequacy of doctors and their disinclination for the most part to stay in the villages. The total number of registered medical men, both graduates and licentiates, is 64,062; even this proportion of one doctor for over 5,000 of the population would not be too unsatisfactory were it not for the fact that three-fourths of the doctors are practising in the towns. The medical institutions turning out new graduates at the rate of 3,000 a year would mainly swell the ranks of the urban medical men and with the trends in increasing urbanisation, it would be difficult to say that they are exactly supernumerary in the towns. It does not, however, appear that with all this larger personnel availability, the Government has done vastly better in organising the medical services in the cities and towns or in making them cheaper.

It is highly doubtful whether the problem of personnel can be viewed only as one of tempting the urban doctor to go out to the village for a change. The present ratio of one doctor for every 1,300 or so town-dwellers seems one which ought to be maintained and the 3,000 new recruits each year may prove no more than the annual number required for such maintenance and replacement. If this is so, the dreadful thought should now at least strike the minds of the policy-makers that they have not done enough for the training of the men whom they want for their work. In the rural areas, distances involved would need more doctors than in urban areas for the same number of people. But even on a modest assumption of one doctor per 10,000 of the rural population, there would be need for at least about 30,000 more doctors by 1961, which means that the present turnout of medical institutions must be trebled immediately.

With all its limitations this arithmetical examination reveals a disturbing state of planning. These additional numbers cannot all be graduates and licentiates under the allopathic system; in many cases a skilful combination of nursing services, maternity facilities, indigenous medical systems and modern surgical aid will have to be organised. Financing research in indigenous systems merely as a concession to diehard traditionalists is not enough; the trained practitioners have to be licensed and aided to set up their centres in rural areas both for treating diseases and for advising patients on their health problems. Meanwhile, even at the time of the selection of candidates for medical training, a conscious preference must be given to those coming direct from rural families, with conditions attached if necessary for their going back on the completion of their training. It may be that while the young doctors pick up valuable experience in their early years in the towns where it is easily available, the senior and retiring men should be induced to settle in the remoter villages on such inducements as additional pensionary benefits and supply of medical outfit.

It is essential that the therapeutic aspects of public health should be brought to the population while the preventive activities intensify steadily. The changes necessary in nutritional habits, environmental sanitation, maternity and family planning can only be brought about through agencies with direct access to the people and not merely by hard preaching. When the Five-Year Plan started, the outlook for the nation's health was indeed bleak, as the low nutritional levels reached during the period of shortage exposed the undernourished and the famished sections to various diseases. The present position is a great improvement and as far as one can foresee, it should be increasingly more conducive to such better health as to encourage the people to take keen interest in their material progress. It is in the creation of such widespread interest that the success of all other schemes of development would depend. The investment in human beings has a claim for priority; 'mens sana in corpore sano.'



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THE WEEK'S NOTES

PROSPECTS FOR THE PARIS PACTS

It is quite clear that with the approach of the deadline for the ratification of the Paris Pacts by the Western Powers, Russian propaganda will be intensified in tempo. Already some confusion has been caused by the Soviet offer of German unity after all-German elections under international supervision so long as German neutrality was assured under a Peace Treaty. This offer has provided ammunition to the Social Democratic opposition to Dr. Adenauer's outright rejection of the Soviet overtures. The reaction in France is likely to be more confused. Though Western opinion takes the view that the interval between the ratification of the Paris Pacts and actual German rearmament in about two years provides sufficient time for the Soviet Union to show its peaceful intentions, there is bound to be uncertainty in a situation which was already very complicated even without such propaganda. The desire to have talks with the Russians before the ratification of the Paris agreements may become more widespread, though most observers are aware of the frequent changes in Soviet policy on the German issue.

In France, the National Assembly has given its approval to the three ratification Bills. The Upper House has to concur before the second week of March, though the views of the Lower House will prevail in the event of a dispute, unless the climate changes greatly. In Western Germany, the Lower House (Bundestag) has given a first reading to the ratification of the Bills and is expected to conclude consideration of the issue in a week. The opposition in Germany from the Social Democrats arises mainly from the differences with France over the Saar problem; critics argue that the present Soviet temper reduces the compulsion to agree to the French conditions for the Saar, just as the French, equally jealous about the Saar, have stipulated that the ratification will be subject to the German acceptance of these conditions. The ratification by the other countries would not involve any serious hurdles when France and Germany agree. The next two months will decide the issue and the developments during this period would be interesting to watch.

THE HISTORIAN'S CUE

The Education Minister, Maulana Abul Kalam Azad, had only one theme in his presidential address to the 31st session of the Indian Historical Records Commission, Mysore. The re-writing of that portion of British Indian history, which has for long become known as the "Great Indian Mutiny", has now been decided upon. The Government has commissioned Dr. S. N. Sen to complete a book by May 1957, when the centenary of the event falls due. The Education Minister, like other patriots before him, has called the Mutiny as the War of Indian Independence of 1857, like the more successful American struggle for freedom three quarters of a century earlier, which was similarly called. Maulana Azad considered that most histories relating to the events of 1857 have narrated it from the British point of view, as indeed they have treated many other events of Indian history—including the notorious Black Hole of Calcutta or the misdeeds of Warren Hastings. A change of approach in these matters in future is inevitable; but the change must come only as a corrective to the imperialist exuberance of British or other officially-inspired historians.

There is always the danger of a different type of history, sponsored officially, becoming one-sided in the reverse direction, which is equally undesirable. It cannot be said that there were no historians before independence who were intrepid enough to challenge the pro-British versions of Indian developments. Mr. R. C. Dutt's Economic History is an example as much of his patriotism and courage as his scholarship and painstaking research; its publication in the early period is also proof of the tolerance, within limits, which such works enjoyed. It was also clear that no Indian student had looked upon the events of 1857 with anything but pride, and not as an inglorious episode involving mutiny,—just as the Tottenham Circular of 1942 was not taken as proof of the interpretation put upon that uncomfortable development for foreign rulers in that year when they had to keep the country under force while making use of it as a war base.

Maulana Azad has expressed the view that all the evidence points to the fact that the Sepoy Mutiny was not the result of a conspiracy of the opponents of British Raj but a spontaneous manifestation of the growing discontent of a people. There is no need to deny this thesis but the people had to have leaders to guide any movement and such leaders could best spring from the ranks of those dissatisfied with the British. They could best organise it only in a conspiratorial manner, since the doctrine of civil resistance had not then evolved. Would it be necessary to rebut all these in order to correct the existing distortions of the British phase of Indian history?

SIMPLE LESSONS FROM STRANGE LANDS

Though the report of the three-man Indian Railway Delegation on Soviet and European railways is a bulky one in four parts, the press summary provides a fairly exhaustive and reliable account of some aspects of value to this country. It did not need a tour of the Soviet Union to reach the conclusion that the Soviet railway system is part of a totalitarian system of planning which has no responsibility to respond to all public demands with regard to passenger or goods traffic. It is misleading to suggest that under such a system, there was a maximum utilisation of resources. Maximum utilisation according to what tests? Obviously, the tests prescribed by the State planners, ultimately resolving itself into the question whether their orders were carried out promptly and efficiently. "Even in the sphere of amenities," says the Delegation "priorities would appear to have been accorded on considerations which catch the public imagination in a greater measure." This is nothing but a euphemistic way of saying that the amenities are there for their propaganda value in the big stations, built in impressive style with modern conveniences. The Soviet railways, in other words, are still developing and there is no need, perhaps, to highlight the imperfections; but in a system which has no compulsion to adjust itself to the private needs of goods transport or passenger traffic, it was a vain task to look for a model for Indian railways to follow.

If the value of the Delegation's observations is to be found in their reports that our new third class coaches compare not unfavourably, that our fares are still cheaper and that India anticipated the European railways in abolishing the first class—the Indian railways are entitled to the credit. It was quite appropriate to emphasise that in Europe the scope for extensions of the railway systems had almost ceased, so as to enable attention being devoted to amenities. This would not be possible yet in the Soviet Union or India to the same extent, but here there is a difference in that the customer cannot be ignored completely. In any case, the steps now taken to provide sleeping accommodation for third class passengers, the abolition of class distinctions in access to entrances, exits and dining cars and the reorganisation of information

service and such other assistance did not have to wait for an interim report from the Delegation. The urgency for making special provision for catering on the Indian railways has been there all along and it is possible to try, in this vast railway system, both a strictly supervised private catering organisation and an officially sponsored organisation without deciding in advance that all the virtues would lie in one way only.

U.S. BUDGET REFLECTS FISCAL PROGRESS

The proposed federal budget for 1956 represents lower expenditures, higher revenues, a substantially smaller deficit. In fact, the anticipated cash statement, reflecting the actual flow of money into the treasury and out to the public, will show a surplus for the first time in four years. The reduction of $1,100 million in estimated expenditures, to a total of $62,400 million, is largely the result of continuing efforts to take the government out of business ventures that could be performed by private investors, and in improving the management of governmental affairs—two developments that business men, in particular, find highly gratifying. But expenditures for vital activities will remain high and in some cases will increase.

Economic assistance to other countries will continue at about the current level of $1,300 million a year. Final apportionment of this aid is still being worked out, and may not be ready until a few months from now when the Eisenhower Administration asks Congress for specific appropriations. In view of the improved economic situation in Western Europe, however, it is safe to assume that a larger share of the total will go to less-developed areas in Asia, Africa and Latin America.

Revenues in fiscal year 1956 are estimated at $60,000 million, leaving a projected deficit of $2,400 million. This represents progress toward a balanced budget, since the deficit in the current year is estimated at $4,500 million and in 1953 was as high as $9,400 million. Congress may be able to reduce the deficit still further when it considers the Administration's appropriations requests. But in any case, the government will be in better financial position than before to carry out its primary national and international obligations.

The higher revenue estimate is based largely on the anticipated expansion in U.S. economic activity, with resultant increases in production, employment and income. It also is based on the continuation of the present corporate and excise tax rates, scheduled for reduction on April 1.

SECOND STEP IN FERTILIZER PRODUCTION

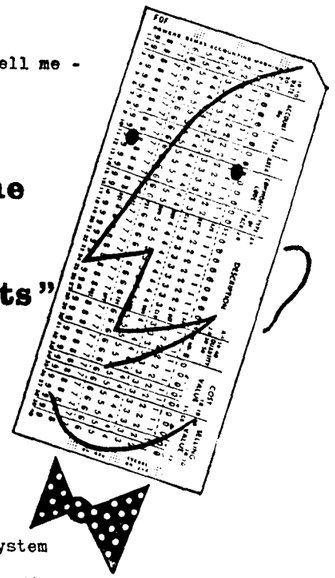
The chemical fertilizer industry will enter upon its second big step in expansion with the installation of the additional plant at Sindri for the production of two new fertilizers—urea and ammonium nitrate sulphate. This additional plant will use 10 million cubic feet of coke oven gas obtained per day from the coke oven battery which was set up just a few weeks back. This decision on utilization of 10 million cubic feet of gas from the battery follows the firm attitude taken on this question by the Board of Directors of Sindri Fertilizers and Chemicals, dissenting from the recommendation of the Fertilizer Mission appointed in 1953 to the effect that 6 million cubic feet of the coke oven gas should be used in the manufacture of fertilizers and the balance of 4 million should be applied in underfiring the coke ovens. The Board's plea was based on an assessment of the growing demand for fertilizers in the country.

Urea and ammonium nitrate sulphate or "double salt" have been tested for their suitability to the condition of crops and soils in this country. The outlay on this additional plant has been estimated at Rs. 7 crores and tenders of two Italian firms—Messrs. Montecatini and Messrs. Anfaldo—have been accepted for installation of the plants. This plant is expected to be erected fully and production started in a period of about three years. To begin with, it will produce 70 tons of urea and 400 tons of ammonium nitrate sulphate per day. The first step at Sindri for the production of fertilizers comprises manufacture of ammonium sulphate from the main plant with a capacity of 350,000 tons per annum.

Initial survey for setting up more fertilizer plants is being undertaken at present. The Fertilizer Production Committee's first assignment is to recommend sites for the projected plants. The suggested sites include Nangal in Punjab and centres in Madras, Mysore, Travancore-Cochin, Rajasthan and Hyderabad. The claim of Nangal for the next plant seems to command earnest consideration.

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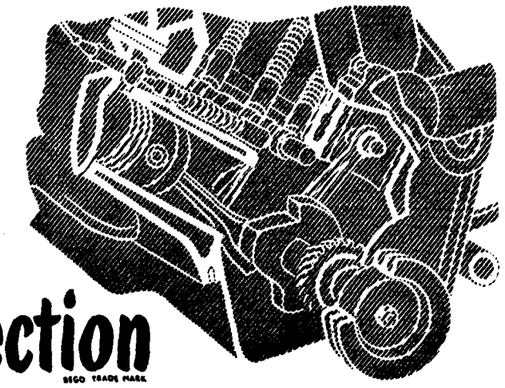
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WORLDGRAM

AGRICULTURE

Uganda's Five-Year Development Plan: The Uganda Government recently announced a £30-million development plan of which over two-thirds will be raised from local resources, indicating the country's healthy economy. The plan lays emphasis on agriculture and agricultural education in particular. A report on agricultural productivity puts the money to be spent at £3.25 million, of which some £2 million will be capital expenditure. The Uganda scheme is based around 10 farm institutes to impart training to personnel in better agricultural methods, and veterinary staffs on a district or country basis.

INDUSTRY

Czechoslovak Industrial Exhibition in Bombay: The 22-day Czech Industrial Exhibition beginning February 4, at Bombay will have on show £200,000 worth of goods ranging from most modern aeroplanes and capital equipment to exquisite and fragile cut glass and ceramic goods. Czechoslovakia will display their wares like heavy engineering products; tractors; textile machinery; precision engineering products, etc. Of particular interest to India, a major exporter of cotton textiles, would be the novel Czech shuttless jet loom and sugar plants.

*

U.K. Ship Output During 1954: During 1954, the output of complete merchant ships reached 1.5 million gross tons, the highest rate reached since the war. Easier supplies of steel are responsible for the increase of production. During the year costly modernisations in layout, plant and equipment have been effected and better delivery dates and more economical production achieved. New orders booked in 1954 amount to 600,000 GRT. The total order book of U.K. shipyards now stands at 4.5 million gross tons. The peak order book was over 7 million tons at mid-1952.

*

Lower World Steel Output in 1954: The 'Iron Age' recently completed a study on world steel production, and reports that total world steel production during 1954 declined 5.2 per cent from the 1953 level, largely because of a 20.8 per cent decline in U.S. output. World output was 245,190,000 net tons in 1954, compared with 258,706,000 tons in 1953. The Soviet Union and her allies produced an estimated 62,825,000 (58,337,000 in 1953) tons. Output of the rest of the world fell from 200,369,000 tons in 1953 to 182,365,000 tons in 1954. U.S. output amounted to 88.3 (111.6) million tons. Russia's was 44.9 (41.9) million tons. All but two of the 27 countries listed in the 'Iron Age' study showed gains in 1954 over the previous years. In addition to U.S.A., the only country showing a decline was Canada which produced 24.1 per cent less during 1954.

*

West Germany's Expanding Production and Sales: West Germany's industrial production and sales continue to indicate an expansion during 1954, except that in the textile industry where increasing output has not been able to counteract unsatisfactory prices—the turnover of the textile industry during 1954 is about 12,000 million below that in 1953. Increases in output were (with figures for 1953 in brackets: in tons): Steel 17.3 (15.3) million; Hard Coal 126.5 (124.5) million; Plastics 310,000 (240,000); Rayon 60,500 (54,200); Staple fibre 134,300 (120,800); Yarn 634,000 (594,000); Shipping 850,000 (725,000) G.R.T.; and Vehicles (in units) 675,000 (940,000). Value of production and sales in marks were: Chemicals 12.5 (10.9) million; Retail trade 45,200 (42,000) million; Savings deposits 15,900 (11,200) million; Value of quoted equities 17,800 (11,300) million. Foreign trade was of the value of 41,400 (34,500) million with exports at 22,100 (18,500) million and imports 19,300 (16,000) million.

*

Wage Bill of West German Industry: The wage bill of West German industry increased during 1954 by approximately 8.4 per cent. Most of the increase was spent on consumer goods, and a fair proportion went into savings and housing. The general level of employment went up and longer working hours contributed to increased earnings—from 48.9 hours to 50 hours a week for male workers. Average hourly wage rates, male and female, were 167.8 pfennings against 163.4 pfennings in 1953. The cost of living, however, rose by 2 per cent, and in it the most important component item, food, by 3 per cent.

FINANCE

Record Savings in U.K. During 1954: The year 1954 brought the best National Savings results in Britain since 1948. The year's new savings at £1,248 million were £106 million greater than in 1953, and withdrawals at £1,127 million down by £20 million. The excess of £121 million in savings over encashments is an improvement of £126 million when compared with the previous year. The figures indicate that the individual saver is assuming the role of an important contributory factor in the continued prosperity of the economy.

*

Capital Needs of East African Railways: The Commissioner for Transport, whilst presenting the 1955 estimates for the East African Railways and Harbours Administration stated that if the present rate of expansion continued over the next three years, by 1957-58 the Administration would have justified its capital works. Out of a total authorised loan programme of £60 million up to January 1, 1955, half has been expended. The current year is expected to be a peak year and the minimum expected to be required is £15 million. Last year a World Bank mission visited the territory in connection with financing the expansion projects, and negotiations for a loan of £7.5 million are proceeding. Though the demands for Colonial Loans on the London market are heavy, what the Administration has in hand and the limited raisings in London are expected to help complete the projects by 1957 and ease the financial situation.

*

Aid to Voluntary Educational Institutions in India: Indian grants under the scheme for providing financial assistance to voluntary educational institutions, to expand or improve work in basic and social education, nursery, vocational and educational guidance, and juvenile delinquency total Rs. 10 lakhs since 1952-53 to organisations in Assam, West Bengal, Bihar, Rajasthan, Saurashtra, Delhi, Bombay, U.P., Madras, Madhya Pradesh and Mysore. This scheme is part of the Rs. 26-lakh overall education development programme envisaged under the Five-Year Plan. Assistance given is being shared by the Central and State Governments, the Centre bearing up to 66 per cent of the non-recurring expenditure.

*

Consent for Capital Issues in India: During the period July-September 1954, consent was granted by the Government of India to 52 applications from the various industrial and non-industrial joint-stock companies in the country for issue of capital of about Rs. 51.8 crores. Out of these 52 applications, 25 applications were from new companies for a total issue of capital amounting to Rs. 40.24 crores. These 25 new companies whose applications received consent include a petrol refinery, a firm manufacturing synthetic stones,

another engaged in the manufacture of abrasives; a concern of cotton textiles and also manufacturers of paints and dyes, electrical machinery, etc.

TRADE

ECAFE Adopts Indo-U.S. Suggestion on Hides-Skins Report: The suggestion of Indian and U.S. delegates that ECAFE countries put into effect a special 'hides and skins' report has been accepted by the Working Group of the ECAFE Trade Committee. The suggestion followed the ECAFE Secretariat's 'market analysis of hides and skins' report, designed to serve as a model while preparing reports for other commodities. The report suggested that in view of the predominantly agricultural character of the region's economy, more emphasis be placed on livestock breeding and the development of industries for utilization of hides and skins, better cattle care, organisation of efficient collection of hides and skins and scientific methods of flaying and curing.

*

More Quota-Free French Imports: The French authorities are expected to introduce additional trade liberalisation measures with the abolition of certain import quotas. Consequently the percentage of quota-free imports from the OEEC area will increase from 65 to 73 per cent (75 per cent is the minimum to which OEEC members are committed). Most of the products freed are subject to a special duty or 'compensatory tax' which now amounts to 7 per cent or 11 per cent (originally 10 per cent to 15 per cent). Though the abolition of this tax had been repeatedly promised, no specific time-limit had been mentioned. The abolition of the quotas will not enable France entirely to meet her obligations under the OEEC charter.

*

Survey of Sweden by OEEC: A special survey of Sweden by the OEEC presents a picture of great prosperity characterised by an expanding economy, full employment, stable prices and equilibrium in the balance of payments. Prospects for 1955 and 1956 remain bright with an estimated annual increase in the gross national product of about the same size as in 1954; it is urged, however, that a more restrictive policy towards investment demand be followed. With public expenditure increasing, the main field of restriction may have to be that of credit, though the limitation of public investment and of the volume of private building and construction may also have to be considered. Exports and imports are expected to rise more slowly than the gross national product in 1955-56, the resulting current balance, assuming no change in the terms of trade, being in equilibrium. No strengthening of the currency reserves or any significant modification of Swedish policy on private investments abroad are foreseen. Industrial production in the year ending mid-1954 was 4½ per cent higher than a year ago, and the gross national product seems to be expanding more rapidly than the 3 per cent annual increase recorded during 1953.

MISCELLANEOUS

Wage Structure for Kenya Africans: The Kenya Government's White Paper on the Carpenter Committee proposals for revising the wage structure for Africans has been approved by the Legislative Council. With certain modifications the main recommendations have been accepted. One result is that the minimum wage for Africans in Nairobi and other urban centres is to be increased (from January 1). Other proposals of the Committee accepted by the Kenya Government include the stabilization of African labour as opposed to the migratory system, to make it more effective in industry; the introduction of a "family" wage system; and an increase in the housing allowance.

*

Colombo Plan Operations will Continue to Expand: According to the Indian Edition of the McGraw-Hill American Letter the prospects for steady economic progress in the Far East under Colombo Plan auspices are good. The latest Colombo Plan report shows that productivity is now at a stage where Asian members can expect tangible returns on their investments, and the spectacular increase in food production assures a stable basis for further development. The recent admission of Japan, the Philippines and Thailand into the Colombo Plan will help in future economic and financial organization. Chances are that the new U.S.-Asian aid programme—to be announced in March—will be interwoven with Colombo Plan operations. The 'American Letter' states that some experts expect a bolder approach in the second phase of Colombo Plan, and see a growing Asian reliance on deficit financing for development in the future.

*

Employment Conditions of Indian Dock Workers: A 10-member Committee to enquire into the working of the Dock Workers' (Regulation of Employment) Act, 1948, at the ports of Calcutta, Bombay and Madras has been appointed by the Government of India. The Committee may co-opt other members at any of these ports, to help in work at that port. The schemes under the Act at present only cover certain categories of workers, and were intended to ensure greater regularity of employment of workers and ensure an adequate labour supply for dock work. The Committee is to: (i) examine all difficulties encountered and to suggest necessary modifications, (ii) equire into the necessity and feasibility of decasualising other categories of labour covered under the Act, and (iii) prepare amendments to existing schemes and/or suggest new ones. The schemes are administered at present by dock labour boards, which are tripartite bodies set up by the Government at each port.

*

Work on Ganga Bridge Project Begun: Work on the Rs. 16-crore Ganga Bridge to link North and South Bihar has commenced with the extraction of pitching stone from quarries and its transportation to Hathidah (site). River craft to transport part of the stone to the other bank have been arranged. The guide bund will take 1.80 crore cubic feet of stone and some 400 lakh cubic feet of earth-work. The 2,000-ft. wide north channel with a water discharge of over 1,500 cusecs will be blocked. Orders have been placed for the supply of earth-moving plant which is expected to handle 7 crore cubic feet of earth-work. The Ganga Bridge Construction Co., Ltd., is to construct well foundations between 160-170 feet below low water level, and supply, fabricate and erect steel girders. On the north bank a Rs. 2-crore permanent broad and metre gauge transhipment and marshalling yard is to be built. The bridge will link the broad gauge system of the Eastern Railway and the metre gauge system of the North Eastern Railway across the Ganga in Bihar and remove transport bottlenecks, ensuring speedier movement of supplies to North Bihar.

*

Scope of Rice Milling Committee Extended: The scope of investigation of the Rice Milling Committee set up in October last, to examine the working of rice milling from various aspects and to make a report as to the future policy that should be adopted has been extended. The Committee has been asked to make a similar inquiry in regard to pulse milling and make its recommendations to Government.

NEWS IN BRIEF

INDIAN

Between October 1953 and March 1954, the Indian Government spent Rs. 2,41,080 on Social Education under the National Extension Service Scheme. In the same period people have contributed Rs. 22,57,880 in terms of labour, and Rs. 23,47,710 in cash and kind towards the NES scheme.

*

An Advisory Board has been constituted to advise the Government of India on matters of policy arising out of the administration of the Displaced Persons (Compensation and Rehabilitation) Act, 1954. The Board's first meeting will be held early in February.

*

During November and December 1954 the production of crystal sugar amounted to 3.15 lakh tons and arrivals of imported sugar to 1.40 lakh tons; the figures for corresponding periods of 1953 were 2.38 lakh tons and 85,000 tons respectively. Dispatches of sugar from factories during the period fell from 1.87 lakh tons in 1953 to 71,000 tons in 1954.

*

The first meeting of the recently appointed Panel of Economists to advise the Planning Commission on problems connected with the preparation of the second Five-Year Plan will be held at New Delhi on January 27 and 28. The main item for discussion will be the implications of planning in terms of real resources.

*

The validity of the existing Indo-Czechoslovak Trade Agreement has been extended for a period of three months from January 1, 1955. The Trade Agreement signed in Delhi in November 1953 was valid up to December 31, 1954. A fresh Agreement is being negotiated.

*

A two-day symposium organised by the Ground Water Resources Committee of the Central Board of Geophysics will be held at New Delhi on February 1, 1955. Prominent scientists, engineers, agriculturists, chemists, meteorologists, geophysicists and geologists are expected to participate.

*

The amount sanctioned by the Central Government for giving loans and grants for the development of small-scale and cottage industries during the current financial year up to the middle of December is Rs. 8 crores.

*

The Government of India's scheme for establishing 150 poultry development centres in the various States during the second Five-Year Plan is estimated to cost Rs. 70 lakhs.

*

The production capacity of the Hindustan Shipyard on the completion of the Rs. 2-crore development programme during the first Plan period is revealed by the Government of India to be six ships a year.

*

According to survey reports the total estimated quantity of lignite (a type of brown coal) available at Neiveli, in South Arcot district of Madras, is about 2,000 million tons.

*

The ten-mile Gandhidam-Anjar Section of the new metre-gauge railway line in Kutch has been opened to traffic. This section, and the converted Adipur-Bhuj Section when completed are expected to remove hardships caused due to transhipment, and eliminate the costly maintenance of isolated small narrow-gauge lines.

FOREIGN

Under the June 16, 1954, technical assistance agreement with the U.S., 13 American technical experts are expected to arrive in India during the next few months for work in the bolt and nut, razor blade, sheet glass, incandescent lamp and abrasives industries.

*

During 1955 the General Electric Educational and Charitable Fund will offer 74 fellowship, against 31 fellowships awarded in 1954, at an estimated cost of $250,000. The fellowships are mainly for physical science, engineering, and industrial management, and will include six awards for studies in the arts, law and business.

*

It is announced by the Japanese Ministry of International Trade and Industry that the foreign exchange bonus allowed to Japanese exporters to finance imports will be cut from 10 to 5 per cent of their overseas earnings with effect from March 1, 1955.

*

The 7th German Handicrafts and Trade Fair will be held at Munich between May 6 and 15, 1955. The organisers of the Fair have invited interested parties to contact Verein fur Handwerks-Ausstellungen und Messen e. V., Munich-12.

*

The WHO Regional Director for South-East Asia recently stated that out of approximately 250 million people living in malarious areas of S.-E. Asia, only some 106 million were so far covered by malaria-control operations.

*

The third session of the Pakistan Historical Records and Archives Commission will be held at Karachi during February 1955. An exhibition of documents, manuscripts, rare books, old newspaper files, etc., throwing light on the history of the Indo-Pak subcontinent, is being organised.

*

Delegates from Burma, Hong Kong, India, Iran, Japan, Pakistan, Thailand and USSR will attend the first session of the World Meteorological Organisation's Regional Association for Asia being held at New Delhi on February 2, 1955. Observers from France, the International Civil Aviation Organisation. UNESCO, WHO and the World Meteorological Organisation will also attend the session.

*

The Milan Samples Fair will be held at Milan, Italy, between April 12 and 17, 1955. This is one of the important trade fairs in Europe. The Government of India have decided to organise participation in this Fair.

*

It is announced that TWA will operate two weekly round trip flights between the U.S. and India, effective immediately. TWA'S new schedules adhere to provisions of the permit granted by the Government of India following expiration of the air agreement between India and the U.S.

*

Dr. Paul F. Russel, an eminent malariologist with the WHO, was recently in India on a week's tour to study the progress made in the field of malaria control and to confer with the members of the Regional Office of WHO.



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A Window On The World

INDO-CHINESE RETROSPECT

By

ODYSSEUS

FOREIGN CORRESPONDENTS in Washington seem agreed that the USA's foreign relations are likely to be handled more soberly and flexibly in 1955. This is heartening because it suggests that nations, like individuals, can learn by experience. What experience? The 1954 Indo-Chinese crisis for one, for nowhere was the exploitation of classical diplomatic technique, whereby open covenants are reached by private discussions conducted behind closed doors with patience and courtesy, revealed to be more successful, and nowhere was the method of public threats, that has come to be called "shot-gun diplomacy", exposed as more helpless, than in the Geneva conference.

This conference was to widen the gap between Indian and American thinking and to fray Anglo-American relations almost to breaking point. This was because, whereas Eden and Pandit Nehru hoped that the detente over Europe created by the Berlin conference could be spread to Asia, American Senators were fearful at what they regarded as the potentially appalling repercussions of sitting down at the same table with communist China. Britain and India considered the exclusion of communist China from UNO to be harmful, although Churchill and Eden agreed that the question of her admission could not be raised until the Korean and Indo-Chinese conflict was settled.

The US Congress feared that the Geneva conference might produce some document the signature of which would amount to recognition and ease China into UNO by the back door. They thought that any encounter with communist diplomats was bound to result in a game of strip-tease poker in which the non-communists would lose the shirts off their backs and the stripes off their pants, and that it was therefore safer to "praise the Lord and pass the ammunition," since the only language that the communists understood was force or the threat of it. They were sure that the communists would spin out the conference in order to delay any joint international action to save the French, whose position was becoming more desperate from day to day and thus enable the communists to overrun Indo-China.

A "MASSIVE" THREAT

The Americans therefore felt that the real problem was to scare off the Viet-minh commander from further penetration into Indo-China. On January 12, 1954, Mr. Dulles announced "a new look" for US strategy. It was now considered to be too costly to meet local aggression by direct local resistance and a new and basic decision had therefore been taken to depend on America's "great capacity to retaliate instantly by means and at places of our choosing." On March 29, Mr. Dulles said that the imposition of communism on South-East Asia was a threat to the free world which could not be "passively accepted and should be met by united action" that might involve "risks".

Of course, a communist victory in Indo-China would transform the relationship between the free world and the communist powers in South-East Asia, with grave repercussions on the balance of power throughout Asia: anyone could see that. The difficulty was what to do about it. In Korea, the issue had been simple; the aggressor had identified himself: the communists had invaded South Korea. In Indo-China, the issue was fogged. Most Asians, however anti-communist, regarded the Viet-minh as patriots trying to free their country from French imperialism. The case against this might be, and indeed was, logical but it had no emotional appeal. Anyway, it was now years too late to try to secure armed UNO defence of Indo-China on the ground of communist aggression. To Mr. Dulles, the way out seemed to be a South-East Asia treaty organisation along NATO lines that would contain the communists against overflowing the borders of Indo-China. He flew to London to discuss this with Eden on April 11. There is reason to believe that while Eden accepted the broad idea, he argued that a SEATO pact would be dangerous unless it had the full support of the Colombo powers. It was precisely because the main burden of any military operation would fall on the USA, Britain, Australia, and New Zealand, that the agreement of the Colombo powers was vital, for without it any military operation would arouse Asian antagonism as an old fashioned imperialistic war by Western powers allegedly on behalf of French, British, or Dutch colonial interests. On April 13, a communique was issued which said that Britain and the USA deplored that on the eve of the Geneva conference the communist forces in Indo-China were increasingly developing a large-scale war to overthrow lawful and friendly government of Viet Nam, and they had invaded Laos and Cambodia. These activities endangered the peace and security of the entire area of South-East Asia and the western Pacific. Accordingly, Britain and the USA were ready to take part, with the other countries principally concerned, in an examination of the possibility of establishing a collective defence within the framework of UNO, to assure the peace, security, and freedom of South-East Asia and the western Pacific.

WARNING: STERN AND PUBLIC

To Eden, this communique meant that he was prepared to take part in "examination of the possibility" of establishing a SEATO agreement. But it was vitally important to him that the South-East Asian powers should be fully represented.

But to Americans, "South-East Asia" means primarily Australia, New Zealand, Siam, and the Philippines. Mr. Dulles thought it important to present Geneva with SEATO as a stern accomplished fact before—not after—the conference met, so that the communists would know what to expect if they refused reasonable terms in Indo-China.

The gap between the British and American interpretations of the April 13 communique emerged first when Eden learned that Mr. Dulles had summoned the "South-East Asian powers" (as defined in the USA) to meet in Washington on April 20. He was alarmed. He knew that India, the most influential of the Colombo powers, would consider the best hope for South-East Asian peace to lie in a freely negotiated settlement at Geneva, and that to rush through a SEATO line-up beforehand would look like attempted blackmail.

Whatever the merits of this viewpoint, the fact remained that to respect it offered the only hope of enlisting the support of the Colombo powers to uphold any Indo-Chinese settlement reached at Geneva. In daring to warn the American Foreign Secretary that he was putting the SEATO cart before the Geneva horse, Eden knew that he was risking a first class diplomatic incident. He did not quail, and Mr. Dulles felt compelled to transform the Washington meeting into one of the Korean war powers. Alastair Cooke reported in the "Manchester Guardian" of June 26: "It is no secret that Mr. Eden and Mr. Dulles at this point had in common only the conviction that each was the injured party, and while Mr. Eden's long diplomatic experience enabled him to preserve a tense public silence, Mr. Dulles did not exhaust his chagrin until he had worked it off" in a public speech. American press comment about the British "Munichеers" at Geneva became pointed and personal. But Anglo-American relations had not yet touched bottom.

Negotiations at Geneva were difficult and seemed to bear out American fears that the Chinese intended them merely as delaying actions to cover the absorption of Indo-China. But Eden kept the conference together by patience and firmness.

For Eden, the Indo-Chinese negotiations amounted to a salvage operation: at home the French government was obviously unstable and actually fell when, half way through the conference, M. Laniel was replaced by M. Mendes-France. In Indo-China, French troops were in retreat. What the Chinese had to estimate was the extent to which they could play for time in Geneva and batter the French in Indo-China without exasperating the Americans into armed intervention which might touch off a war whose consequences no man in his senses cared to foresee. A united front would have enabled the free world to extract a better bargain, but the constantly increasing estrangement between the USA, on the one hand, and the rest of the free world, on the other, impeded this.

During a pause in the conference in June when the outcome was in the balance, Eden, reporting to the Commons, used an expression which accidentally struck at the roots of the whole Anglo-American post-World War II alliance. He reiterated that there could be no real security in South-East Asia without the goodwill of the free Asian countries. He hoped that there would be agreement on an international guarantee of any Indo-Chinese settlement and some system of South-East Asian defence, which might be a reciprocal arrangement in which both sides took part, such as Locarno, or, it might be, like NATO.

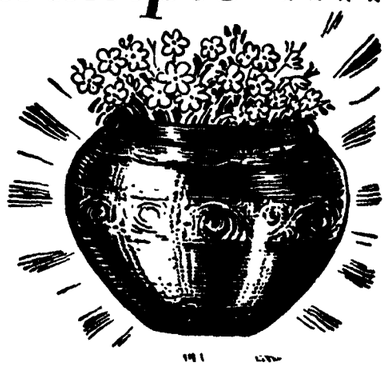
This apparently innocuous statement made a few hours before the departure of Churchill and Eden by air for vitally important talks with President Eisenhower and Mr. Dulles in Washington caused the State Department to blench to its white spats and Senators to tear off their braces and declare a jehad against Britain.

Space compels me to close here for this week at the nadir of American relations with India and Britain. Next week, we will see how common sense gradually returned and, with it, better prospects for world peace.

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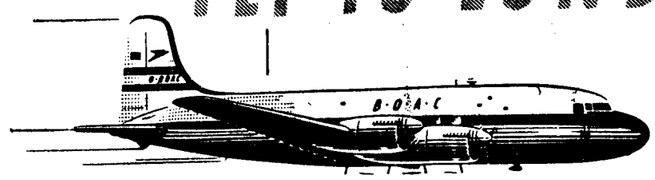




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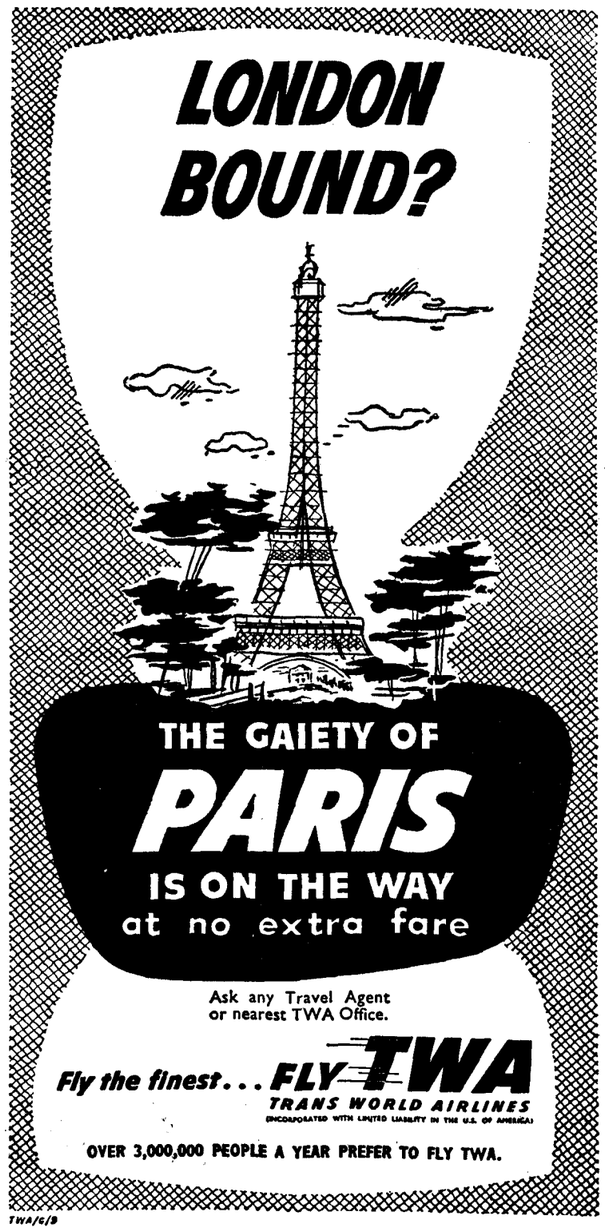
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SPECIAL ARTICLES:

COST STRUCTURE OF DAILY NEWSPAPERS

AN inquiry into the cost structure of a daily newspaper was made by the Press Commission, the details of which are now printed in the Appendices to the Report. The breakdown of the cost for different kinds of papers, published and sold under different conditions, shows where the variations have occurred. The cost of news services includes the payment for news agencies, reporters and contributors, which is distinct from the expenditure on the editorial staff. Newsprint and ink are the main materials which are needed while composing and printing charges include expenditure on personnel. Depreciation on the capital outlay on the machinery has been separately shown as such. The distribution charges, managerial expenses and overheads including rent, relate to the organisational side of a newspaper.

Except for newsprint and ink, the elements that make up the cost of production do not increase proportionately with the increase in circulation. This means that large circulations progressively reduce the cost of production of a copy of the newspaper. As the Report points out, there are considerable differences in the cost of production as between English dailies and Indian language dailies, and a glance at the main causes will show that the production cost of Indian language papers is lower than that of English papers. Owing to differences in the size of the characters used for printing, the amount of editorial matter that a page of an English paper can carry is much greater than the amount of similar material that can be carried in an Indian language paper of the same size. It has been computed that the characters used for English, on an average, permit the printing of up to 1,400 words per column, as against about half of that number in Bengali, and about a third in Oriya. The volume of editorial matter carried in Indian language papers is less.

Another factor that affects the cost is the fact that the majarity of English papers have more pages than the papers in Indian languages. Further, the salaries paid to the editorial and other staff of the vernacular papers are less than those paid for the English ones. This disparity arises partly from the greater availability of personnel knowing Indian languages, but largely it is due to the fact that the standard of general proficiency required in language papers that obtains today is lower than that demanded in the case of English, because much of the work can be managed merely by translation of what is already available in English.

There is very little difference in regard to printing costs. On the contrary, certain factors tend to make the cost of production of Indian language papers more than that of their English counterparts. One is the comparatively lower output of the composing room staff. The time taken to compose a column is much greater than in the case of English.

As regards the mofussil papers, it is noteworthy that they generally have a lower cost of production than metropolitan papers by reason of their lower service cost, use of flat-bed machines for printing and lower wage level, but their low circulations tend to increase the relative cost of production per copy. The provincial papers which have to compete with metropolitan papers in services and printing have often a higher cost of production per copy than their metropolitan rivals as the latter get the advantage of their high circulations and of group economies.

COST ANALYSIS OF 22 DAILIES (YEAR 1951)

	No. of pages per week	Cost per 1,000 copies per year	Cost per page	Service	Editorial	Material	Composing and printing	Depreciation	Distribution	Managerial	General Overhead
				Analysis of Cost Percentage							
		Rs.	pies								
English Dailies	64	1,19,982	6.9	10	14	23	24	5	11	8	5
	64	83,829	4.8	9	9	34	14	4	10	10	6
(Circulation over 35,000)	60	81,004	5.0	12	6	35	17	2	6	11	11
	66	74,153	4.1	10	12	38	11	3	6	9	11
	56	68,820	4.5	10	9	35	17	2	7	10	10
	52	45,945	3.3	4	6	49	13	8	10	1	9
(Circulation between 5,000 and 15,000)	48	77,329	6.0	4	16	17	33	6	4	4	6
	44	74,963	6.3	10	8	41	24	4	6	3	4
	46	64,258	5.2	10	16	37	19	4	3	2	9
Indian Languages Dailies											
(Circulation over 35,000)	64	45,983	2.6	2	7	59	14	—	6	5	7
	60	45,906	2.8	6	9	37	13	8	13	8	6
	36	34,065	3.5	4	4	49	8	8	15	2	10
(Circulation between 15,000 and 35,000)	26	35,120	5.0	7	5	52	14	7	4	2	9
	36	27,444	2.8	13	8	29	24	6	3	3	14
	32	26,438	3.1	5	7	45	19	7	2	8	7
	28	26,305	3.5	7	5	58	14	4	3	3	6
(Circulation between 5,000 and 15,000)	30	27,191	3.5	9	3	37	27	2	6	6	10
	50	63,843	4.7	6	11	39	10	—	13	16	4
	32	39,002	4.5	9	4	49	12	6	7	3	10
	48	60,950	4.7	7	8	31	28	3	8	7	8
(Circulation below 5,000)	42	53,164	4.7	1	9	35	41	—	1	8	5
	30	45,233	5.6	8	8	37	20	2	7	6	12

The items vary widely from paper to paper. Even in respect of two papers having the same number of pages per week, there are differences in cost per copy per year (and per page), service, editorial and other staff, material, composition, distribution, etc.

The total figures for some English and Indian language papers are given below, as well as the percentage of each item in the total cost:

BREAKDOWN OF TOTAL COST

	English Papers (9 papers, total circulation 4,02,000)		Indian Language Papers (21 papers, total circulation 4,22,000)	
	Rs. (thousands)	Per cent of total	Rs. (thousands)	Per cent of total
Services	32,39	10%	11,47	6%
Editorial	33.21	10%	13,77	7%
Materials	1,05,43	32%	90,69	45%
Composing, printing	57,55	18%	30,96	15%
Distribution	29,02	9%	18,50	9%
Management	28,49	9%	10,59	5%
Overheads	25,83	8%	16,44	8%
Depreciation	12,37	4%	9,78	5%
TOTAL	3,24,29	100%	2,02,19	100%

It is evident from the above table that the cost of production of an Indian language paper is lower in terms of actual expenditure, in spite of the fact that more newspapers have been included in that category.

Even though the analysis refers to the year 1951 when newsprint prices were very high, it provides a picture of the comparative production costs of papers and may be accepted as more or less a common feature for all years. Newsprint is one of the major items which figure in the cost of materials. The Press Commission is of the opinion that there may be some room for economy in cost if some arrangements can be made for smaller newspapers, which cannot import their individual requirements, to import in bulk and distribute the supplies to them. It may be noted here that newspapers in the U.K. spend slightly more on services and editorial establishment than on newsprint, according to the findings of the Royal Commission on the Press.

A note by Mr. A. R. Bhat on the economics of a mofussil daily newspaper states certain conclusions based on a scrutiny of the cost estimate for a Marathi paper to be published from Poona, in competition with other existing papers in that city with four standard size pages per issue and brought out on six days per week. It has no press of its own and is to be printed at some efficient job printing press.

After analysing its capital requirements and total monthly expenses, as well as its monthly sales and advertisement revenues, Mr. Bhat draws two conclusions:

(i) The basic cost of production, exclusive of newsprint, works out at about Rs. 562 per issue of four standard size pages for 11,000 copies, or 9 pies per copy. The cost of newsprint would be 4.33 pies. The net realised sale price per copy would be 7.7 pies.

(ii) For a daily paper with a net circulation of 11,000 copies, to make it work economically would require an advertisement revenue of about Rs. 375 per issue, instead of an estimated one of Rs. 320, or alternatively, there should be saving in the expenditure on newsprint by about 20 per cent which would be possible when the newsprint price would be about Rs. 680 per ton.

Taking a similar hypothetical case of a daily having its own press in Poona, Mr. Bhat comes to the following conclusions:

(i) The basic cost of production for 11,000 copies would be about Rs. 571 per issue or 10.31 pies per copy.

(ii) For each copy sold, the cost of newsprint, ink, stores, etc., would be 4.8 pies.

(iii)The cost of production per copy, on the basis of 11,000 copies, would thus be 15.11 pies, as against 14.14 pies if the paper were printed outside. But the newspaper having its own press would be able to do job work which, to a large extent, should enable it to make up its additional cost of production.

STABILITY IN AGRICULTURAL PRICES

(CONTRIBUTED)

THE steady fall in the price index of farm products in recent months has brought to the fore the question of maintaining the stability of agricultural prices. While the 1952 price recession was the inevitable follow-up of the untenable price levels reached during the Korean war and the speculative activity it promoted, the present downward movement is due to a definite and progressive pressure of supply. Among the reasons for which stability of agricultural prices is sought to be achieved is the need for safeguarding the incomes of the cultivating class, which is desirable not only for its own sake but also because the overall economic development depends on the prosperity of the cultivators who constitute a large internal market for manufactures. The incomes of cultivators should continue to rise, and in the present situation of increasing production of farm products, this is possible only if the proportion of rise in the supply of these commodities is greater than the proportion of fall in their prices. The following table gives the index numbers of production and prices of important agricultural commodity groups:

Commodity Group	Index No. of Production	Index No. of Prices
Cereals:		
1950-51	.. 90.3	491
1951-52	.. 91.2	465
1952-53	.. 101.4	447
1953-54	.. 117.2	439
Pulses:		
1950-51	. 91.7	497
1951-52	.. 90.3	476
1952-53	.. 99.0	524
1953-54	.. 108.9	417
Oilseeds:		
1950-51	.. 98.5	705
1951-52	.. 97.5	556
1952-53	.. 92.1	532
1953-54	.. 108.9	551
Fibres:		
1950-51	.. 108.6	565
1951-52	.. 128.3	553
1952-53	.. 127.1	418
1953-54	.. 131.9	438

Improvement or deterioration in agricultural incomes from year to year depends upon the extent of changes in supply and price. If the elasticity of price (i.e. change in price divided by change in supply) is less than 1, agricultural incomes will rise; they will fall only if elasticity of price is greater than unity. In the case of cereals, which account for a major part of the incomes of cultivators, the elasticity of price is given as under:

Year	Proportion of Change Over Previous Year in Supply	in Price	Elasticity of Price
1951-52 ..	+1/100	—1/19	100/19
1952-53 ..	+1/9	—1/26	9/26
1953-54 ..	+2/13	—1/56	1/8

So far as cereals are concerned, in 1951-52 there was an apparent fall in the incomes of the cultivators. The present situation is marked by falling prices with rising incomes. In 1953-54, the supply-elasticity of price of cereals was far below unity. In the case of other commodity groups, it seems that the influence of supply on price has often been offset by other influences like foreign and home demand, speculation, aftermath of the Korean war, etc., with the result that changes in supply have not always been accompanied by reciprocal movement in price. But as we are concerned with agricultural incomes, all that is important for us is the supply and price position as it emerges after the impact of other influences on them. In 1951-52 pulses and oilseeds, like cereals, brought about a deterioration in agricultural incomes, but in 1953-54, all commodity groups, except pulses, have made a positive contribution to the prosperity of cultivators. In the case of fibres and oilseeds, the supply rose to record figures in 1953-54, but the prices instead of falling showed a modest rise, so that the farmer gained both from the side of supply and from the side of price. As regards pulses, their supply rose rapidly in 1953-54, but their prices fell more rapidly, so that the elasticity of price was more than unity. The adverse effect of pulses, however, did not matter much for the cultivator, because the importance of pulses in relation to food articles is hardly 1/12th, and still much less in relation to all agricultural commodities.

It is clear that there is no cumulative fall, as in the thirties. The supporters of farm interests usually urge that the cultivator's income should rise in proportion to the average increases in the non-agricultural sectors—which at the moment looks greater because of the more rapid increase in industrial production. Can agricultural production also be made equally or more rapid? Obviously not, now that self-sufficiency has been reached and there are not large markets for our agricultural products. The income of the cultivators can increase only with the steady reduction of the numbers depending on agriculture, just as it happened in the USA. Price supports cannot achieve this end and even in the USA, the futility of locking up billions of dollars in farm products has now compelled a revision. In any case, the ultimate object here being a shifting of population outside agriculture, nothing can be done to make that process difficult.

It is generally said that a decline in food prices exerts a wholesome influence on industrial production; not at one point but at several points. Firstly, it reduces expenditure on food articles and thus enables consumers to spend a larger proportion of their incomes on industrial goods. Secondly, it reduces industrial costs of production, because with reduced cost of living workers get less dearness allowance which is linked to it. Thirdly, trade, particularly the retail trade, by force of competition cuts down the margin of profits which with declining food prices they can now afford. Some proof of this is afforded by the fact that during September 1953 and August 1954, the wholesale price index fell from 403.8 to 382.3, i.e. by about 5 per cent, while the consumer price index number fell from 111 to 101, i.e., by 9 per cent. The trade seems to have cut down its margin of profit.

The result of all this is that the consumer gets industrial goods cheaply. This fact, coupled with his ability to spend a larger proportion of his income on non-food articles, pushes up the aggregate demand for manufactures. But this is only one side of the picture. The other side is the reduction of aggregate demand caused by the fall in money incomes of cultivators, industrial workers as well as traders who lower their margin of profits. The net effect on aggregate demand is not determinable.

The effect of falling prices of agricultural commodities on industrial production ought to be seen not from the viewpoint of aggregate demand, but of incentives to produce. In the short run at least, the producer is guided solely by the difference between price and cost of production. His lower costs induce him to produce more and thereby he creates more employment and more aggregate demand. Here the effect on aggregate demand is definitely positive. This increase in aggregate demand would not by itself be sufficient, but it is reinforced by the fact, as we have seen above, that in the agricultural sector incomes are rising with falling prices. This sustains the process of industrial expansion in a period of falling prices.

There is, however, one important proviso to this conclusion. It is that the fall in prices of agricultural commodities must be slow—a creeping downward movement. Any rapid fall, which would naturally begin from food articles, would spread to industrial raw materials. A swift fall might on the one hand, increase the elasticity of price to more than unity thereby causing a decline in the money incomes of cultivators, and on the other hand, would cause suspension of production especially in those manufactures in which raw materials form a considerable proportion of the costs. Every successive serial of production would be substantially cheaper than the first, and this is full of possibilties of losses for those who do not hold up production. So a steep fall in the prices of agricultural commodities would be injurious in all respects. It would cause unemployment and further reduction in aggregate demand with cumulative effects.

It is clear from the above that while sudden and violent movements are to be avoided, a steady downward trend of agricultural prices would reconcile the interests of all groups of the community. Firstly, it safeguards the interests of cultivators, as it would ensure that the money incomes of their class as a whole continue to rise for several years till the surplus agricultural population is absorbed in non-agricultural occupations. The Report on the Agricultural Labour Enquiry has revealed that between 81 and 88 per cent of the expenditure of agricultural labour families is on food. In the case of owner-cultivators and tenant-cultivators the percentage may be slightly less. This shows how little the real incomes of agricultural producers are affected by falling prices, even when there is no increase in their money incomes. While slowly falling prices do not adversely affect owner-cultivators and tenant-cultivators, they would bring much relief to other sections of the community. Even among the agricultural population, about 4½ crore people are cultivating labourers and their dependants. They are wage earners, and the Agricultural Labour Enquiry has revealed that more than 60 per cent of their wages are in cash. Then, there are another 4½ crores of rural people not belonging to agriculture, and they, together with agricultural hired labour, form the lowest income group in the country. Any price policy has to keep in mind the interest of these people which lies in cheaper food. It also has to be borne in mind that a price-support policy will help the more well-to-do farmers and rentiers, who have surpluses to sell, more than poor ones. Lastly, the most favourable price trend for the expansion of industry and commerce too is a slowly declining one.

THE BUSINESS WORLD

TRADE BETWEEN U.K. AND INDIA

Mr. Low's study of business conditions in India existing at the present time and the impressions about the prospect of augmenting the trade between India and the United Kingdom which he formed at first hand ought to bring greater confidence to those vitally concerned in this trade. The Minister of Trade at the U.K. Board of Trade emphasised the need for the British business community to grasp the implications of the change in the economic situation in India. A distinct accent is being placed on industrial development in India and it would imply that a certain readjustment is called for in the composition of U.K.'s exports to this country. But this development clearly points out the potentialities of a new demand for British products arising from the requirements of industrial projects as well as the rising living standards of the people. British salesmanship had to take full cognizance of this trend and it is in this sense that Mr. Low appealed to British business men to give a new bias to it. The Indian Government's action in liberalising the quotas for import of Lancashire cotton piecegoods and very recently enlarging the export quota of tea were pointers to a policy of accommodation. There is every reason to believe that commercial ties between the two countries cannot but be strengthened. In the context of this optimistic and objective assessment, it would be pertinent to survey the important trends governing the trade between the two countries during the first eleven months of 1954. The following account represents the position as ocfiially shown in the United Kingdom Board of Trade returns.

Up to the end of November 1954, overall trade between India and the United Kingdom was showing an increase of about 11 per cent over the corresponding period of the previous year. Latest official figures give the totals for the first 11 months of 1953 and 1954 respectively as: Indian exports to Britain, £101.5 million and £125.4 million; Indian imports from the U.K., £104.9 million and £104.4 million. Together with British re-exports to India, these figures bring the respective totals for the two-way trade to £206.9 million and £230.1 million.

During the first 11 months of 1954, India was by far the largest supplier of Britain's imports of tea—2,392,755 cwt., out of a total 4,154,186 cwt. Britain paid just over £60 million for Indian tea during that period —almost sufficient to pay for the products of British heavy industry imported by India during the same period. Only 268,428 cwt. of Britain's tea imports came from sources outside the Commonwealth.

More than a quarter of Britain's bill with India during the period under review was accounted for by textile fibres and manufactures. The U.K. paid about £15 million for Indian manufactures of miscellaneous textiles, including jute yarn and piecegoods; £2.3 million for 30,731,200 lb. of raw cotton; £6.2 million for cotton yarns and woven fabrics; £4.9 million for "wool and other animal hair", including £4,872,000 for 21,479,300 lb. of raw sheep's and lambs' wool, compared with 16,966,200 lb. in the corresponding period of 1953; and £1.04 million for miscellaneous textile fibres and waste. In this last category under the heading "vegetable fibres"—which includes hemp, sisal, and coir —India sent Britain goods worth £878,000 and weighing 12,871 tons, compared with 8,171 tons in the same period of the previous year.

Other leading Indian exports to Britain up to the end of November included £11.9 million worth of leather, leather manufactures, and dressed furs, and 28,986 cwt. of undressed hides and skins valued at £900,000; 34,837,000 lb. of tobacco (£6.7 million), compared with 27,957,000 lb. in the same period of 1953; 202,255 tons of metalliferous ores and scrap (2.9 million), including 128,333 tons of manganese ore (£2.1 million); £1.8 million worth of crude minerals; and 122,746 cwt. of fruits and vegetables (£1.2 million), including 52,816 cwt. of edible nuts (£423,000).

Products of British heavy industry accounted for about 60 per cent of India's imports from the U.K., totalling over £61 million. This included £24.9 million for 1,237,125 cwt. of non-electrical machinery, the largest items being 277,197 cwt. of textile machinery at £6.2 million; 206,852 cwt. of power-generating plant —boilers and boilerhouse plant, and steam and internal-combustion engines—worth £3.3 million; 73,194 cwt. of metal-working machine tools (£1.8 million); 105,629 cwt. of mechanical handling equipment (£1.4 million); 20,122 cwt. of pumps (£673,000); 1,656 agricultural and track-laying tractors (£644,000), compared with 868 in the corresponding period of the previous year; 32,942 cwt. of excavating and earthmoving plant and rollers (£580,000), compared with 23,733 cwt.; and 13,405 cwt. of printing and book-binding machinery (£530,000). India also took £13.5 million worth of electric machinery, apparatus, and appliances from the U.K., including 136,884 cwt. of converting, rectifying, transforming and switchgear worth £3.7 million; 10,101 tons of insulated cables, wires, strips, and strands (£2.5 million); 65,539 cwt. of generating plant (£1.96 million); electronic, radio, television, radar, and sound-reproducing apparatus (£1.5 million); and telegraph, telephone, and line equipment (£1.4 million).

British-made vehicles imported into India totalled in value £11.3 million—14,761 tons of railway vehicles (£2.9 million), including 2,207 tons of locomotives and rail cars (£560,000) and £8.43 million worth of road vehicles and aircraft. The latter included 756 commercial-vehicle chasis (£946,000); 80,836 pedal cycles (£658,000) compared with 77,041 in the same period of 1953; anod 1,924 (£531,000). Other products of British heavy industry taken by India during the period under review were 84,300 tons of iron and steel (compared with 54,906 tons in the same period the previous year) valued at £5.34 million, and including 38,814 tons of tubes, pipes, and fittings (£2.8 million) compared with 33,489 tons in 1953; 21,271 tons of steel plate and sheet (£1.2 million), compared with 8,240 tons, and 10,928 tons of bar and section (£596,000) compared with 4,767 tons; £4.7 million worth of "manufactures of metals", including hand implements and tools (£802,000); and £1.5 million worth of non-ferrous metals, including 69,527 cwt. of aluminium and its alloys (£801,000), compared with 30,352 cwt. in the corresponding period of 1953.

Next largest group of India's imports from the U.K. was chemicals, £13.5 million worth in all. Under this heading she took chemical elements and compounds worth £4.6 million; medicinal and pharmaceutical products (£2.3 million); 28,772 cwt. of synthetic organic dye-stuffs (£1.96 million); and 83,862 cwt. of plastic materials (£1.27 million), compared with 63,770 cwt. in the same period the previous year. Up to the end of November India also took from Britain £4.5 million worth of petroleum and petroleum products, including 44,629,000 gallons of motor spirit (£2.1 million); compared with 21,734,000 gallons in 1953; 55,096,000 gallons of fuel oils (£1.6 million); and 3,968,000 gallons of lubricating oil (£572,000), compared with 1,839,000 gallons.

WOOL

Textiles formed another important group of India's imports from Britain up to the end of November. Largest item under this head was £4.98 million worth of wool—10,687,400 lb. of wool at £4.5 million, including 9,195,600 lb. of tops (£4.2 million) and £485,000 worth of woollen and worsted yarns and fabrics. Next came £1.5 million worth of cotton yarns and fabrics, including 1,648,000 lb. of cotton yarns (£775,000); £802,000 worth of synthetic fibre yarns and fabrics, including 3,308,000 lb. of artificial silk (£605,000), as against 2,358,000 lb. in the same period of 1953; and miscellaneous textile manufactures (£751,000). Among other leading British exports to India during the first 11 months of 1954 were: "scientific instruments, photographic and optical goods, watches and clocks" to the value of £1.9 million, 114,522 cwt. of paper, paperboard, and their manufactures at £1.2 million, including 99,219 cwt. of paper and board (£1.01 million); miscellaneous manufactured articles (£1.14 million); and £686,000 worth of goods under the heading "sanitary, plumbing, heating, and lighting fixtures and fittings, prefabricated buildings and furniture".

EXPORT-IMPORT BANK OF JAPAN

By
MR. H. HIRAOKA
Commercial Secretary to
the Embassy of Japan in India

In the pre-war period the composition of Indo-Japanese trade showed a marked degree of exports of consumer goods from Japan to India. After the war, due to the gradual industrial development of India and the re-organisation of the Japanese economy, there has been a welcome shift towards capital goods. The Export-Import Bank of Japan is a state agency for promotion of exports of equipment and machinery and hence has an important role to play in the future trade relations between India and Japan.

Originally named the Export Bank of Japan, the Bank was established on December 28, 1950, with a capital of twenty-one billion yens (about Rs. 2.8 crores) the whole of which was provided by the Government from the Industrial Investment Special Account. Aiming at the simplest possible structure, the Bank is made up of three departments—General Affairs, Business and Investigation. The General Affairs department is in charge of budgetary, accounting and other administrative matters in general. The Business department takes care of the receipt of applications for credits and guarantees, procedures of business operations as well as supervision of the credits extended. The Investigation department is responsible for the analysis of applications, the investigations of the business conditions of the customers and general economic and financial researches.

The business operations of the Bank are of five kinds:

(1) Export financing;
(2) Import financing;
(3) Financing of overseas investments;
(4) Financing of overseas enterprises; and
(5) Guaranteeing of liabilities.

In the case of export financing, loans are made by the Bank to domestic as well as foreign firms. Heavy equipment and rolling stock need considerable credit facilities which enable delivery to be made in a relatively shorter period. Similar facilities are offered for imports into Japan. In respect of financing of overseas investments, the Bank makes loans to Japanese exporters, importers, manufacturers or other Japanese corporations and individuals so as to provide funds for investments, acquiring of stocks and lending of equipment in foreign corporations. Financing of overseas investments is similarly made through grants of loans to Japanese manufacturers or corporations for installing or expansion of equipment required for productive purposes in foreign countries. Lastly, the Bank undertakes to guarantee such liabilities of those who can obtain loans for financing of trade or for direct overseas investments.

There are three ways in which the Bank can help the industrial development of India:

(1) Through ordinary trade channels by import of machinery and equipment by the utilisation of credit and guarantee facilities offered by the Bank;
(2) Through indirect investments by the loans granted to firms, banks and corporations for investment in India in co-operation with private capital,
(3) Through direct investments by loans granted to private or public financial and commercial bodies in India.

As regards the normal trade relations, as stated before, the trend is towards more and more exports of capital goods from Japan into India, consisting of machinery and metal products. Orders for heavy equipment involve a considerable time lag in production and need considerable running capital. The Bank through relatively long-term loans extending up to 5 years plays an important role in such transactions.

Moreover, such loans serve a useful purpose of making available to the foreign countries ready foreign exchange resources so as to overcome temporary deficits in their balance of payments. At present India has a favourable balance of trade with Japan but in face of increasing exports of capital goods, such a help may be valuable.

The Bank is authorized to make loans directly to foreign governments and their agencies, foreign local authorities, foreign banks or other foreign financial institutions or foreign firms in order to finance their purchases of equipment or technical services in Japan, although no such case has actually occurred so far. As indicated, however, by the fact that recently two or three foreign governments and firms have informally approached the Bank on this matter, the Bank may gradually come to practise this type of financing in future.

In the case of co-operation between India and Japanese firms for industrial investment, some progress has been made. The Pilot Pen Company in collaboration with an Indian concern has opened the Pilot Pen Company (India) Ltd. with a loan from the Bank. Similarly Nippon Insulator Company and Mysore Government have set up an insulator factory in Bangalore. Also Lakshmi Rattan Engineering Company, Bombay, have joined hands with Toyada Textile Machinery Company for production of textile machinery. Such examples are an evidence of the extent to which Indo-Japanese co-operation can contribute to the industrial development of India.

AS THE PRIVATE SECTOR SEES IT

Of late, there have been too many ministerial pronouncements on the economic policy of the Government and last week the subject of "socialistic pattern of society" was further dilated upon at the Avadi Congress Session. Both in the press and on the platform, politicians and economists continue to theorise on the merits of State sponsored industry and free enterprise. And yet this plethora of speeches and writings has served neither to provide the public with clear-cut ideas about the future economic set-up nor to dissipate the feelings of apprehensions and uncertainty in the minds of those who believe in action and are eager to contribute their share to the country's development. In this context, therefore, it is but natural that two leading captains of industry who, speaking on the economic outlook last week, could only give a negative answer to the question: "Does the proper economic climate exist for the private sector to play its part in the development of this country?"

Mr. Dharamsey M. Khatau, Chairman of the Associated Cement Companies Ltd., was not unreasonable in his view that, in the same way as private enterprise is bound to accept the scheme for the "overall strategic control" by the State of the private sector, so it does expect an end to "the multitude of contradictory and conflicting statements which have served in the past to undermine the confidence of free enterprise". Such statements have, indeed, given rise to certain major causes of anxiety. There is the current fashion of denouncing the profit motive, to which Mr. Khatau made pointed reference by emphasising how risk capital, "the life-blood of industrialisation through free endeavour, is based on faith in success of the endeavour and on the incentive of profit." He held out the remarkable development of the A.C.C. itself as a concrete proof of "the inherent rightness of the profit motive honestly applied."

Allied to this is the managing agency system, another victim of unmerited criticism, to which Mr. Jehangir Ghandy referred in his address to the Indian Institute of Metals. If, in its present state, the Indian economy needs the system, why not give a clean slate to it, but, on the contrary, Mr. Ghandy said, the new proposals regarding managing agents have aroused considerable uncertainty regarding their future. Equally outspoken was Mr. Ghandy in regard to the proposed amendment to Article 31 of the Constitution which aims at acquiring ownership rights of business concerns without payment of compensation. Although such acquisitions would be made in the national interest, and the Government of the day, we are assured, would not abuse its rights in this matter, it cannot be gainsaid that they could be abused and, worse still, redress in a court of law would be precluded.

To the factors creating uncertainty, Mr. Ghandy added lack of clarity about the future course of labour legislation. "Tribunal interpretations tended to penalise the progressive employer and place him at a disadvantage in comparison with a less enlightened employer by compelling him to continue to grant benefits to employees not required by law, in addition to those now being prescribed by law." Another unfortunate factor is that the spirit of collective bargaining is in danger of being vitiated by the recent trends in labour legislation which tend to place management-labour relationship on a legal basis.

A LETTER TO THE EDITOR

PAYMENTS TO THE PRIVATE SECTOR

Sir,

I take the opportunity of thanking you for your nice analysis on "The Delay in Payments to the Private Sector" published in your issue of January 7, 1955. This is a very clear indication as to how the growth of the Trade and Industry is checked due to unnecessary delays in payments due to different reasons and how it causes harassment to the industrial concerns. This will serve as a pointer to the Industries and Supplies Department to look into the various causes which lead to so much financial difficulties of the industry and unnecessary complicacies to the Government department itself for settling the pending cases. I think it is high time that the department put its house in order with a benefit to themselves and the national industries.

The Fan Makers Association has been approaching the Industries Department for a pretty long time in connection with so many new clauses introduced in the Rate Contract with regard to Date of Delivery, Fall Clause and Inter-States Sales Tax matters, but so far nothing has been done.

If the date of delivery is taken the date when the articles are offered for inspection a good deal of trouble will be avoided.

The 'Fall Clause' of 2½ per cent in the case of Electric Fans and 5 per cent in the case of Electric Bulbs, is no justification simply because by keeping on the Rate Contract is no guarantee that the industry is going to get sufficient orders but if there is a potential buyer wherefrom big orders are available this 'Fall Clause' prevents the industry from taking advantage of the ready sale.

In the case of certain new States which have been created after Independence and whose sales taxes are not mentioned in the Rate Contract, there is difficulty in realising the Sales Tax although the industry is required to pay. In all fairness, sales tax which has already been paid by the suppliers on sales to the D.G.S. & D., should be refunded without delay or unnecessary harassment.

Besides, there should be some sort of liaison between the Industries and Supplies Department and the industry to understand mutual difficulties and help each other rather than to keep letters pending without replies either to the industry or to the Association. It is an avowed policy of the National Government to help industry and create more employment but unnecessary pin-pricks and financial hold-ups are coming in the way of progress.

Yours faithfully,

T. R. GUPTA

Chairman
Fan Makers Association of India



BUSINESS NOTES

BANK PROFITS IN 1954

The tentative results of the working of banks in 1954 reveal that last year was one of prosperity bringing larger profits. This general trend of the last year comes in sharp contrast with 1953, when a positive overall setback was in evidence. The happy change in the situation was due to a large turn-over of business, a higher volume of deposits over the year as a whole and the lending facilities extended on a liberal scale by the Reserve Bank. In so far as costs of operation were concerned, they persisted in their upward course, but the rising volume of business enabled banks to meet their impact. The relative position in the last three years shown in the table below discloses varying degrees of progress, but in each single case the results are distinctly better than those of 1953. The profits of the selected banks have been estimated on a comparable basis after making provision for depreciation but not for taxation. This group represents big, medium and small banks. The Punjab National Bank shows the best results surpassing the level of 1952 and 1953 by a substantial margin. The Imperial Bank and the United Commercial Bank have registered sizable increases over 1953 and in relation to 1952 also, there is reassuring improvement. The Bank of India rectified the position obtaining in 1953, but its profit in 1954 was marginally below that in 1952. The Dena Bank and the Bank of Maharashtra which belong to different categories than these have not only maintained their continuous improvement but registered new peaks.

(In lakhs of rupees)

	1952	1953	1954
Imperial Bank	133.35	126.82	136.91
Punjab National Bank	34.12	39.86	53.75
The United Commercial Bank	28.54	23.01	29.06
Bank of India	77.51	76.03	77.01
Dena Bank	5.34	6.08	7.95
The Bank of Maharashtra	2.55	2.89	3.25

LICENSING OF INDUSTRIES

The information made available about the work of the Licensing Committee (which has been set up under the provisions of the Industries (Development and Regulation) Act, 1951) for the fourteen-month period from October 1953 to November 1954, is too scanty to entitle positive conclusions to be drawn about the effect of State control on industrial expansion. Projects for new undertakings, substantial expansion of existing units or transfer of location come within the purview of licensing. Out of a total of 502 applications received for licences by it, 54 or a little less than 11 per cent were rejected by the Committee. In the absence of particulars of these cases it is not possible to judge the nature of the negative decisions. Prima facie it appears that these projects did not fit in with the general scheme of industrial expansion approved by the Government. Before a licence is formally refused by the Government, the applicant is given full opportunity to make a representation once again in support of his case. The decisions of the Licensing Committee were not accepted by the Ministry of Commerce and Industry only in three cases. The representation of the State Government concerned on the Committee ensures full appreciation of regional considerations, if any. The Committee referred back 26 applications for further particulars or revision of schemes in accordance with its suggestions. Schemes involving joint participation with foreign firms are scrutinised only to determine whether they are in conformity with Government's industrial policy or the general national interests. In effect, they are treated on a par with other schemes. The final decision on them is governed by strict considerations of merit. During this period, 402 licences were granted by the Committee. The bare mention of this number can offer no idea of the direction of development of industries, the volume of investment or the areas in which it tends to flow.

The main principles which govern the licensing policy indicate the Committee's role to ensure planned development. Development is conceived in the sense of expansion of actual manufacture in contradistinction to mere assembly of imported parts or components or mere bottling or vialling of imported chemicals. Sometimes consideration of protective cover to small industries override the merits of the application for large-scale units as in the case of refusal of permission for expansion of loomage. Failure to proceed with the scheme satisfactorily within a reasonable time involves the risk of revocation of licence, but such cases have not been reported.

A sub-committee of the Central Advisory Council of Industries ordinarily reviews the work of the Licensing Committee twice a year. It is not clear whether the sub-committee had occasion to record its dissent on any issues.

SEVEN HUNDRED CRORES FOR RAILWAYS

Mr. Lal Bahadur Shastri's announcement at the inauguration of the regional conference of railwaymen at Madurai on January 17 last about the Railway Ministry's tentative proposals for the development of railways in the second Five-Year Plan indicates lack of a bold outlook which some of his colleagues have been urging with striking emphasis. He has disclosed that his Ministry has estimated the allocation required for railway expansion at a figure of Rs. 700 crores. Obviously, he considers this as development on a scale commensurate with the demand of the higher volume of traffic likely to be created in the period of the next Plan. If the Railway Minister specifically endorses the general consensus of opinion that finance will not present any difficulty, it is not understandable why such a narrow view should be taken of the proper share of the railways in the aggregate outlay. Compared to the provision of Rs. 400 crores in the first Plan for the railways, which is intended to cover predominantly a programme of rehabilitation, this estimate of Rs. 700 crores in the next Plan is obviously unambitious. Part of it will be eaten up by arrears of replacements and the rest will cover only partial expansion. Before any proposals are finalised for the share of the railways in the total outlay of over Rs. 5,000 in the second Plan, a fair estimate of the additional traffic that will be generated needs to be made to decide the minimum that the railways must cater for. The target for railway development then can be related to this floor.

Even as a provisional outline, the Railway Ministry's conception of the expansion scheme appears to be quite confused. At the last Press Conference of the Railway Board it was stated that the target of 1,500 miles of new lines represented the minimum, but actual construction would go up to anything like 3,000 miles. At Madurai Mr. Shastri reduced this minimum to a target between 1,000 and 1,500 miles. Elaborating this project of new construction, he disclosed that the railway staff may have the "exhilarating experience" of rushing through this entire task in one year. This is clearly to imply that most of the time will be consumed in preparing the surveys and other preliminaries about which the Railway Ministry has probably only a vague idea. Actual achievement is likely to show some shortfall in this modest target. The burden which the railway component will have to bear in the next Plan suggests an outlay approaching Rs. 1,000 crores. It is essential that there should be no underestimation of the magnitude of the claims upon railway transport capacity.

AN EVENTFUL YEAR FOR ACC

Mr. Dharamsey Khatau's forthright plea for the ungrudging recognition of the strategic place of the private sector in our accepted pattern of mixed economy, for putting an end to all impolitic talk which can have no other result than to undermine the confidence of private enterprise and for burying the fruitless controversy over the respective merits of the two sectors gains ample corroboration from the performance of the Associated Cement Companies during the year ended July 31, 1954. It was a year of massive production as well as record sales. The progressive expansion of this premier cement enterprise has raised its production capacity to 11.75 lakh tons per year, while the progress of expansion and modernisation is ceaselessly under way.

The first unit of the Companies' new plant at Sindri, with a capacity of 1 lakh tons per annum, will start production in the third quarter of 1955 and the second unit will follow suit soon after. The new refractory plant at Katni would go into production at the end of the current calendar year. The programmes for the modernisation and expansion of the factories at Shahabad, Kistna, Bhupendra and Kymore were being completed according to schedule. The flotation plant which was installed at Khalari Works has made it feasible to use the low grade limestone in close supply. Negotiations with the Hyderabad Government for setting up a cement factory at Mancherial promise successful conclusion. Most of the machinery required for all these schemes is produced at the Companies' own works at different centres which have been brought under unified control for co-ordination. It will not be long before hundred per cent machinery is produced at these works.

The Chairman assured maximum co-operation to the Government in preparing the actual framework of the cement expansion programme in the second Five-Year Plan. He pointed out that the target of 10 million tons, which has been set for this industry, would pose a challenge and in meeting it detailed schemes must be chalked out to procure the requisite resources. He made a particular reference to the basic raw material of limestone and issued a warning not to overlook the fact that our known resources in limestone are not unlimited. He suggested that a special study should be undertaken to consider the possibility of making greater use in manufacturing slag and calcium carbonate sludge which constitute two important by-products of this industry.

Since cement was to play an increasing and valuable part in a host of development projects, there was need to reduce its cost and the Chairman appealed to the Government to reconsider the excise duty of Rs. 5 per ton levied on cement and to cancel it. The Companies' scheme of bulk supply of cement in unpacked condition would go to reduce prices and in course of time this scheme, which is to be started at Delhi by July next, would cover supply in small quantities also. Labour's co-operation was undoubtedly a contributory factor in the last year's progress. The announcement of the Directors' recommendation of a bonus to employees at a rate of three months' basic wages and salaries comes as a fitting climax to this gratifying survey.

FIVE YEARS OF FORWARD MARKETS COMMISSION

The Press summary of the report released this week by the Forward Markets Commission on the review of its work during 1954, goes into an elaborate explanation of the protracted procedure involved in terms of Section 15 of the Forward Contracts (Regulation) Act, 1953, before permission is accorded for resumption or continuance of forward trading in the commodity. In the space of a little more than one year since its inception, the Commission had to undertake studies in the trading conditions of 13 commodities of which six cases were reported to the Government on the question of bringing them within the application of S. 15 for the purpose of future regulation. These six cases comprised: cotton, castorseed and castor oil, groundnut and groundnut oil, shellac, linseed and linseed oil, and raw jute and jute goods. The remaining seven are under investigation by the Commission.

In the case of shellac, forward trading was stopped on December 28, 1954, until the forward market could be reorganised and trading resumed under regulation by the Commission. The case of cotton represents the administration of the Forward Trading (Regulation) Act, with moderation and with prior consultation of the accredited organisation of the trade. The Bombay cotton market is being regenerated through the East India Cotton Association. Necessary amendments have been introduced in the memorandum and articles of association as well as in the by-laws of the Association. As illustrations of important changes in the by-laws are mentioned imposition of margins, introduction of weightage of 6¼ per cent, prohibition of members of partnership firms from doing business in individual capacity, compulsory maintenance of records of transactions for three years and submission of weekly returns. An outstanding measure of regulation is the appointment of four Government nominees on the Association's Board of Directors. Thirty more applications of cotton associations for recognition are pending before the Commission.

The novel character of this experiment of active and continuous State regulation of forward trading may be ample justification for the slow speed with which the work of investigation and actual regulation of trading was transacted in the initial period. The interests concerned need to be educated on the implications of the Act. But the price situation is changing rapidly and unless delays are eliminated in restoring normal future trading under the Commission's vigilance, price stability will be impossible leaving the field open for confusion and disorder. The oilseeds slump is a reminder to hasten the tempo of the Commission's work.

COMMITTEE ON OILSEEDS CRUSHING INDUSTRY

In view of the importance of the industry in the national economy the Government of India have appointed a Committee to examine the question of the oilseeds crushing industry, both by village 'ghanis' and by mills. The Committee is to carry out a rapid survey of the oilseeds industry and recommend a policy for its future development. In particular, it will examine and report on (a) whether it is necessary to increase or reduce the existing oilseed crushing capacity of mills; (b) the desirability of reserving any particular oilseeds for crushing by village 'ghanis' only, and the effects of such reservations on efficiency of production of oil, its nutritional value and the impact on employment, supply of oil to consuming industries and exports; and (c) the necessity of assistance to the village oil crushing industry.

During the last three years the exports of oilseeds rose in value from a total of Rs. 20.65 crores in 1951-52 to Rs. 23.97 crores in 1952-53 and dropped to Rs. 4.86 crores in 1953-54. The industry is an important foreign exchange earner along with that of oilseeds, and oil cakes and there is no reason why the associated industries cannot be developed at a faster rate. The production of the major oilseeds (sesamum, groundnut,

rape and mustard, linseed and castor) declined from 4.93 million tons in 1951-52 to 4.64 million tons in 1952-53, and rose again to 5.59 million tons in 1953-54. Production of vanaspati rose from 0.18 million tons to a steady 0.19 million tons in 1952-53 and 1953-54. Vegetable oil production declined from 1.19 million tons to 1.15 million tons in 1952-53 and rose to 1.39 million tons in 1953-54. The export value of vegetable oils in the three years was Rs. 206.55 million, Rs. 239.73 million and Rs. 48.62 million respectively. The corresponding figures for other oils were Rs. 40.58 million, Rs. 10.01 million and Rs. 8.24 million, and for oil cakes Rs. 0.063 million, Rs. 0.21 million and Rs. 0.81 million respectively.

The suggestion of the Planning Commission regarding the reservation of the production of edible oils by village 'ghanis', and that of non-edible oils by mills may not be the best solution. The argument of maximum employment through the oilseeds crushing industry is largely counteracted by the necessity for reducing costs and effecting further economies in production. As regards the nutritional value of edible oils, the tremendous progress made in the processes of vitaminization could easily solve the problem, if any. The provision of power to the village industry and assistance in the shape of loans for improving methods and installing machinery will definitely aid in the development of the industry. The dependence of the vanaspati industry on the oilseeds and vegetable oils for its supply of raw materials may, indeed, prove an insurmountable obstacle to the reservation of the edible oil sector for the village industry. The task of collection and transportation of oils from scattered units cannot but prove most injurious to the vanaspati industry. The expansion of existing capacity is dependent on the possible expansion of the market for this commodity. The village oil industry can at best serve local needs. The export market must of necessity be supplied with oils which are standardised in regard to quality and amenable to bulk packing. The problem of the village oil industry cannot be solved at the expense of the mill industry. The levy of a cess on mill oil for the benefit of village industry will serve no purpose other than raising the costs of mill oil by adding to the production costs of mill oil.

A GOOD START

The Industrial Investment and Credit Corporation has got off to a good start at a time whose significance cannot be missed. As the feeling of concern, entertained recently by foreign private investors, over the Government of India's attitude towards private enterprise has begun to disappear, foreign participation in the share capital of this Corporation can be depended upon to hasten that process and bring an added measure of confidence. This collaborated project has brought along with overseas capital more easily accessible technical know-how. Representatives of overseas investors are to take active part not only on the Board of Directors but at the executive level and this factor should serve to bring to them a clearer picture of the benefit of long-term investment in this country. The conviction is already gaining strength that higher standards of living in India will open greater opportunities for commercial relations and make this country a sound proposition for encouragement and assistance in an added measure.

Of the Indian share of Rs. 3.5 crores in the capital, Rs. 1.5 crores will be offered to the public (the rest being earmarked for institutional investors) and there are indications that a dividend at the same rate at which the Corporation will borrow capital from the World Bank will be paid to shareholders. The Corporation will serve the function of a complementary agency for providing industrial finance and also of attracting a larger flow of overseas capital.

TWO PROBLEMS OF CALCUTTA PORT

Two pressing problems of Calcutta port—one immediate and the other relatively long-term—that are crying out for solution were reiterated by Mr. G. D. Binani at the third quarterly meeting of the Indian Chamber of Commerce, Calcutta. The first arises out of the decasualisation scheme for labour introduced by the Government and the go-slow tactics adopted by dock labour. Whatever the benevolent motives behind the scheme of decasualisation, in operation it has been distorted and it has brought a crisis of congestion and protracted delays which the go-slow tactics adopted by different sections of dock workers at separate periods have accentuated. Unlike the Western maritime countries, where a responsible leadership, interested in the promotion of genuine trade unionism, has managed to keep disciplinary control over dock labour in some measure at least, Indian trade union leadership, demoralised by mutual rivalry and consequent scramble for labour control, has found itself incapable of exercising any rational influence. The Government, too, has demonstrated its inability to mend a situation which it has allowed to be created. Verbal assent is given to norms of work-loads which are usually disregarded in practice. The injury which the delays at all the major ports inflict on the national economy is obvious. Once the Government has gone a long way in extending accommodation to labour, there should be no vacillation in demanding and enforcing the concurrent duties.

The continuous and huge silting of the Hooghly year by year and the utterly inadequate flushing of its channel due to poor outflow of water have impaired its navigability and large vessels plying the deep overseas trade are precluded from coming up to the port. The project of a barrage at Farraka on the Ganga has long been accepted as a direct remedy that would bring relief not only to Calcutta Port but to the southern and northern halves of West Bengal. Mr. Binani pleads for the obvious when he asks for the inclusion of this project in the next Plan.

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COMPANY AFFAIRS

THE INDIA UNITED MILLS LTD.

The directors' report and the audited accounts of the India United Mills, Ltd., (Agents: Agarwal & Co.,) for the year ended December 31, 1953, reveal satisfactory results. The figure for sales has increased by Rs. 100.48 lakhs from Rs. 938.33 lakhs in 1952 to Rs. 1,038.81 lakhs during the year under report. This increase in turnover is clearly reflected in the net profit which stands as high as Rs. 34.71 lakhs as against a loss of Rs. 52.61 lakhs in the preceding year. The profit for the year has been utilised to cover up partially loss of the last year. A loss of Rs. 16.62 lakhs has been carried forward to the next year. No provisions have been made for depreciation and taxation. The directors have proposed Rs. 5,62,500 (out of Rs. 112.00 lakhs standing against the General Reserve) to the 'Dividend Equalisation Reserve' which will make a

(In lakhs of rupees)

Year ended December	1951	1952	1953
Sales	11,91.09	9,38.33	10,38.81
Net Profit*	+ 1,32.22	— 52.61	+ 34.71
Depreciation	31.42	Nil	Nil
Taxation	51.00	Nil	Nil
Reserve Fund	1,03.90	1,12.00	1,12.00
Depreciation Fund	2,75.57	3,07.00	3,07.00
Ordinary Dividend (rate per cent per annum)	10-15/16	Nil	6¼

* Before providing for depreciation and taxation.

of Rs. 15,62,500. The directors have also recommended payment of dividend for the ordinary shares at the rate of 6¼ per cent per annum (as against nil in the previous year) absorbing a sum of Rs. 12.50 lakhs. The progress of the Company during the last three years is outlined in the table below:

"MACNEILL AND BARRY" GROUP OF JUTE COMPANIES

The working results of three jute companies namely, Gourepore, Nuddea and Ganges under the management of Macneill and Barry Ltd., for the half-year ended September 30, 1954, show an excellent performance. Sales in every case have moved up as compared with the previous half-year. The profits also show an upward trend in all the three cases. Each of the three companies has declared a dividend. Gourepore has trebled the dividend from 5 per cent to 15 per cent per annum.

In accordance with the I.J.M.A.'s Main and Supplementary Working Time Agreement all mills worked for 42½ hours per week with 12½ per cent of the total looms sealed up to the 17th July, 1954, and thereafter for 45 hours per week with 12½ per cent of the total looms sealed up. Demand for both hessian and heavy goods was well maintained and with shipments from Calcutta being above average there was a steady fall in mills' stocks. During the early part of the half-year prices in both sections remained steady but fell sharply in August in sympathy with the jute market, only to rise equally sharply during September to the highest levels reached. A brief analytical note for each of the companies is detailed below.

Gourepore Company Ltd.

Sales of the above Company at Rs. 116.50 lakhs show a rise of Rs. 9.17 lakhs over the preceding half-year's figure of Rs. 107.33 lakhs. There is an upswing in stocks from Rs. 9.32 lakhs to Rs. 11.62 lakhs. Salaries and wages are as low as Rs. 280.4 lakhs, as against Rs. 29.02 lakhs in the preceding half-year. The profit for the half-year has increased by nearly Rs. 6.66 lakhs to Rs. 9.36 lakhs. The directors have allocated Rs. 2.67 lakhs for depreciation while no provision has been made for taxation. The ordinary dividend has been stepped up from 5 per cent to 15 per cent per annum, absorbing a sum of Rs. 1.80 lakhs.

Ganges Manufacturing Company Ltd.

The working of the above Company has resulted in a profit of Rs. 7.33 lakhs—an increase of Rs. 6.32 lakhs over the last half-year. Sales for the half-year amounted to Rs. 142.98 lakhs against Rs. 131.24 lakhs. The cost of jute consumed has risen to Rs. 80.85 lakhs. Salaries and wages remained almost at the preceding half-year's level while the manufacturing and selling expenses were up by Rs. 1.15 lakhs to Rs. 15.34 lakhs. The directors have appropriated Rs. 1.81 lakhs for depreciation. No provision has been made for taxation.

Nuddea Mills Company Ltd.

In line with the working results of the other two companies of the group, Nuddea has registered a substantial rise in sales from Rs. 87.47 lakhs to Rs. 94.65 lakhs. The stocks for the half-year have recorded a decline from Rs. 4.08 lakhs to Rs. 3.86 lakhs. The cost of jute consumed has increased to Rs. 53.34 lakhs as against Rs. 51.82 lakhs. Manufacturing and selling expenses show an upward trend while the salaries and wages have gone down. The net profit, before providing for depreciation and taxation, has moved up to Rs. 2.62 lakhs as against a loss of Rs. 1.05 lakhs during the previous half-year. Rs. 2.00 lakhs have been provided for depreciation while no provision is made for taxation.

The ordinary dividend has been declared at 2 per cent per annum as against nil in the preceding half-year.

The working of the three companies during the last three half-years is tabulated below:

(In Rupees)

	Ganges				Gourepore	Nuddea			
Half-year ended	30-9-1953	31-3-1954	30-9-1954	30-9-1953	31-3-1954	30-9-1954	30-9-1953	31-3-1954	30-9-1954
Sales	1,36,46,391	1,31,22,508	1,42,98,052	1,09,25,529	1,07,32,739	1,16,50,139	84,56,956	87,46,556	94,65,299
Stock	7,19,316	6,48,684	7,69,218	6,75,089	9,31,505	11,61,551	4,34,105	4,07,677	3,85,849
Cost of jute consumed	65,35,733	76,03,696	80,84,618	55,29,585	62,54,892	65,29,278	41,57,705	51,81,577	53,34,279
Manufacturing and Selling Expenses	14,82,068	14,18,972	15,34,189	11,15,041	9,97,351	9,94,157	8,60,407	9,05,979	9,23,695
Salaries and Wages	34,50,136	33,93,012	33,61,776	29,18,857	29,02,432	28,94,228	23,24,130	23,50,862	22,96,718
Net Profit*	+4,40,441	+1,00,735	+7,33,300	+7,23,510	+2,70,162	+9,36,624	+2,65,319	—1,05,614	+2,62,447
Depreciation	Nil	Nil	1,80,958	2,00,000	1,00,000	2,66,880	1,00,000	Nil	2,00,000
Taxation	Nil	Nil	Nil	8,521	Nil	Nil	Nil	Nil	Nil
Ordinary Dividend (rate per cent per annum)	Nil	Nil	1	7½	5	15	2	Nil	2

* Before providing for depreciation and taxation.

COMMODITY NEWS AND NOTES

BONUS QUOTAS FOR GROUNDNUT OIL EXPORT

It was announced earlier that bonus quotas would be given to established shippers for quantities equal to actual exports made by them between November 4, 1954 and January 20, 1955. It has now been decided that the bonus allotments that may be made will be valid for shipment up to the end of June 1955. The policy for export up to the end of March 1955, has already been announced; the quantity to be released for shipment after March 1955, will be announced later.

EXPORT OF CANE JAGGERY FROM INDIA

The Government of India have reviewed the policy for the export of gur (cane jaggery) in the light of the prevailing supply and price situation and future prospects, and have decided to release for export 20,000 tons of cane jaggery of North Indian origin, 5,000 tons of Andhra origin and 5,000 tons of Madras origin. This is in addition to the 5,000 tons already released for export from the States of Andhra and Madras. Exports will be regulated through established shippers who have exported cane jaggery and cane jaggery powder during any of the four financial years ending March, 1953. Exports will be licensed on shipping bills against quota slips issued by port authorities. Exporters will be required to produce evidence of origin before shipping bills are endorsed.

EXPORTS OF INDIAN TEXTILES

Total exports of Indian cotton textiles in 1954 were 920.4 million yards against 700.6 million yards in the year 1953. The break up of figures is:

(Million yards)

	1954	1953
Coarse	184.0	260.7
Medium	634.1	273.2
Fine	77.9	152.5
Superfine	23.6	14.2

Most of the exports consisted of medium cloth, and were much higher than those of the last year. Coarse and fine qualities had declined considerably.

PAKISTAN JUTE FOR CHINA

The People's Republic of China has offered to buy cotton and jute from Pakistan in return for manufactured goods including textiles and machinery. China is understood to be interested in putting the trade between the two countrieis on a planned basis instead of the present system of negotiations for individual commodities. China had large contracts with Burma and other countries for rice, so she could not have that commodity from Pakistan. The Pakistan Government is understood to be considering the Chinese suggestion, but the results may not be expected very soon.

FREE WORLD COTTON OUTPUT

International Cotton Advisory Committee now estimates free world cotton production for 1954-55 at 28.5 million bales, which is an increase of 700,000 bales above the previous estimate and compares with the production of 30 million bales in 1953-54. The increase in the current estimate was the result of higher production figures in the United States, Mexico and Pakistan. The world consumption of cotton was apparently slightly above last season's level. United States consumption had fallen while Western Europe and India showed an increase over that of the last season. Exports were generally lower than in the last season, with the exception of Mexico and Brazil. United States exports were expected to increase this year due to decreased supplies available elsewhere and to price considerations.

The Committee adds that cotton trade with Communist countries, although limited, has been an important outlet for Egypt, Pakistan and Turkey. During last three seasons, the Soviet Union has supplied a larger proportion of Eastern European requirements.

INCREASED INDONESIAN TIN PRODUCTION

The production of the Bangka and Billiton Tin Mines in 1954 amounted to over 35,000 long tons, approximately 2,000 long tons more than the production figures in 1953. As regards the domestic consumption of tin in 1954, it had increased due to increased use of tin for domestic enterprises. The Japanese trade representatives have approached the Indonesian Government informally for an increase in the export quota of Indonesian tin to that country.

FOOD POSITION IN INDONESIA

Food production during the first 11 months of 1954, especially of staple food, bettered the production record of the same period last year in the Besuki Residency. The figures of production are:

(Million tons)

	1954	1953
Rice	31.3	22.6
Maize	10.2	12.6
Tapioca	36.7	22.6

As an improvement in rice production, the Minister of Agriculture has said that the imports of rice will come to an end this year. Efforts are now being made to improve nutrition of the people.

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THOUGHT

has the privilege to announce that the "Unknown Indian", whose biography caused a major sensation in the world of Indian letters and who is adored and criticized with like intensity by millions of his countrymen, has agreed to contribute a series of six articles for it, beginning Saturday, January 15, 1955.

NIRAD C. CHAUDHURI'S theme is India's Defence, a matter of vital concern to every patriotic Indian. The Prime Minister eloquently summed this up when he said recently that "while we hope for and expect the best . . . (we should) at the same time be prepared for any eventuality." But before we can do anything constructive about it we must have clear thinking on the subject. That is why it is necessary carefully to examine what this eminent Indian has to say about it.

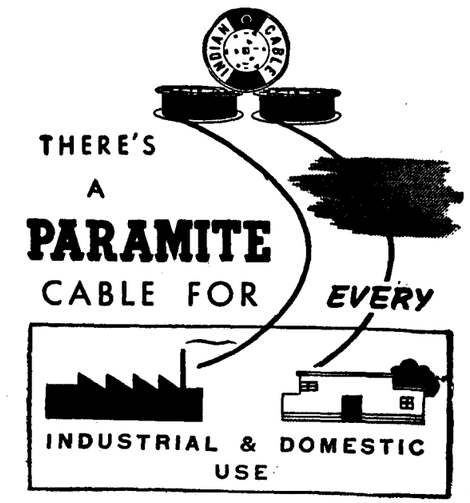
Also beginning with the same issue a series of articles on Academic Life in Russia by Satya Dev Sharma, the Student-Group leader from Delhi University of the Indian Varsities delegation that recently visited that country on its government's invitation.

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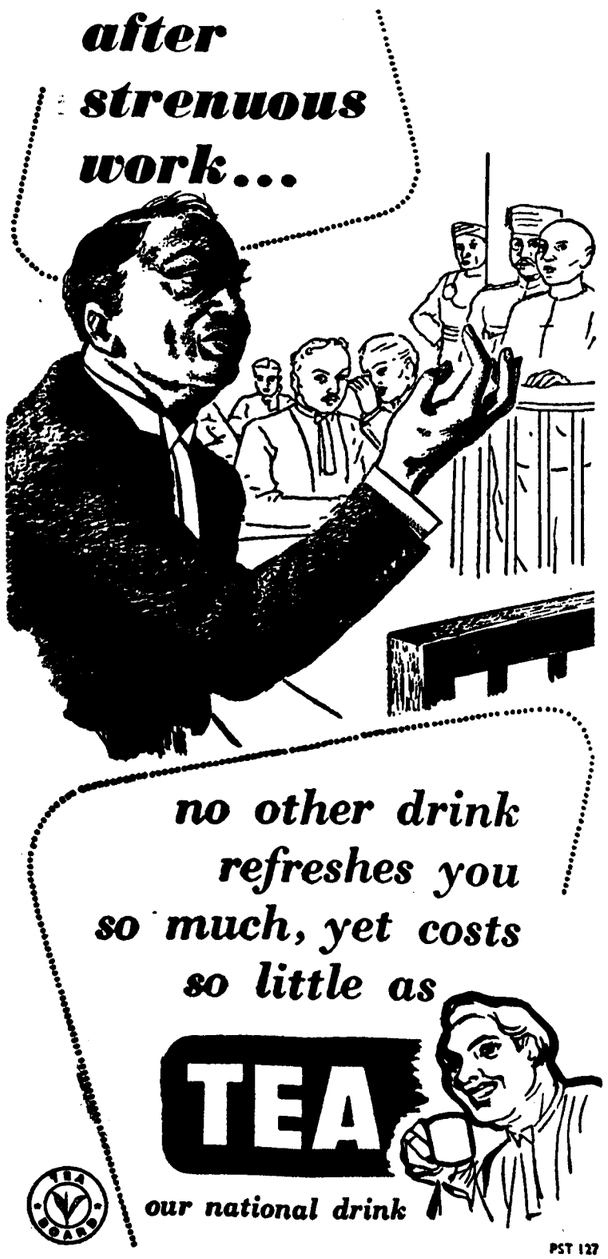


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COMPANY MEETING

The Associated Cement Companies Ltd.

Excerpts from the speech delivered by the Chairman, Shri Dharamsey M. Khatau, at the Eighteenth Annual General Meeting.

The Eighteenth Annual General Meeting of the Associated Cement Cos., Ltd., was held in Bombay on 21st January, 1955. The Chairman, Shri Dharamsey M. Khatau, referring to the recent debate in the Lok Sabha and the policy statement made by the Prime Minister on the industrial pattern in the country, and on the declared national objective of socialist society through democratic means, said: "As to whether the creation of increased national wealth and, through its equitable distribution, the raising of the standard of life of the people of India, will be more effectively realised through a socialist rather than a free enterprise approach is a point which can be debated. The phenomenal resurgence of Western Germany and the truly remarkable progress which has taken place in the United Kingdom since the release of the energy of industry by freeing it from bureaucratic controls and political uncertainties, are both examples which have proved the efficacy of what might be termed the Voluntary Approach."

While admitting that industrial problems in India were very different from those of industrialised Western countries, the Chairman was of opinion that in the context of our underdevelopment, the method of economic development now approved by Parliament may prove to be more effective.

THE PATTERN OF INDUSTRIAL DEVELOPMENT

Speaking on the respective roles of the public and private sectors, the Chairman observed that in a mixed economy the two sectors were complementary to each other and that there could be no fixed and unalterable dividing line between them. "The guiding principle as to what industrial development should be undertaken under the auspices of State control and what should be left to Free Endeavour must be what serves the national interest best in the particular context of the development required." The Chairman cautioned against a doctrinaire approach to the question as it would result in "by-passing of reality and in an endless ebb and flow of theoretical discussions."

"The time has come", the Chairman continued, "to abandon theoretical and academic discussions on the merits of the State-sponsored as opposed to the Voluntary Approach. The Lok Sabha has now laid down what the country's policy is to be. There is still so much leeway to make up in production and employment, so as to maintain even existing standards of living in the face of our growing population, that there is ample scope for every kind of endeavour without any rigid definition of boundaries. It is to be hoped that an enlightened public opinion will be increasingly brought to bear on these matters and will result in course of time in the adoption of a more flexible approach to economic policy. Meanwhile, at least let us who are men of action and who believe in constructive effort, be done with further talk."

So far as free enterprise was concerned, the Chairman added that the right way in which it could justify its right to exist in the country and strengthen public opinion was by producing actual results. "If we are able to fulfil the targets now laid down for us, and can convince the work people, our consumers and shareholders, that by pinning their faith on Free Enterprise they ensure their own security, progress and well-being, then it may well be that in due course the national emphasis will be laid on individual initiative rather than, as is the case at present, on State enterprise." To create this awareness and to educate public opinion about the achievements of Indian Industry, Mr. Khatau, advocated the creation of a suitable and vigorous machinery.

Referring to the aspirations of the Private Sector within the framework of national economy, the Chairman observed: "Now that the function of the Private Sector has been accepted as being essential for the development of the country, Joint Stock Companies and other forms of Private Enterprise have a right to expect that the integrity of this Sector will be respected and that no further attempts will be made to encroach upon it. In the same way as we are bound to accept the scheme for development of the Public Sector and the overall strategic control by the State of the Private Sector, so we can legitimately expect that there will be an end to the multitude of contradictory and conflicting statements which have served in the past to undermine the confidence of Free Enterprise. We must be allowed to work unhampered, and, indeed, we hope that we shall be provided with every encouragement to assist us in bringing to fruition the ambitious targets of production which the second Five-Year Plan holds in store."

THE PROFIT MOTIVE

Deploring the current fashion of denouncing the profit motive in industry, Mr. Khatau pointed out the all-important role of the profit-making capacity of industry in economic development: how it helped the creation of employment and formed the very basis of our credit structure; how it enabled the repayment of loan capital and how it made possible auto-financing for rapid industrialisation; how it provided increasing revenues to Government and how it speeded plant rehabilitation by enabling Management to plough back profits into industry. "In these circumstances, one cannot over-emphasise the fact that risk capital, the life-blood of industrialisation through free endeavour, is based on faith in success of the endeavour and on the incentive of profit. The profit when it materialises is the result of diligence, foresight, hard work and determination—the attributes on which great nations are built. The development of your own Company, the A.C.C., stands as testimony to the inherent rightness of the profit motive honestly applied."

UNEMPLOYMENT

Speaking of the increasing unemployment in the country and the Government's intention to attain full employment within 10 years through creation of 24 million additional jobs, the Chairman expressed his satisfaction that the attention of Government was being directed towards this problem. On the question of rationalisation in industry, as it affects employment, the Chairman urged that any substantial and beneficial increase in the volume of gainful employment could only come through an expanding economy based on effi-

ciency of operation. "It would be at the peril of industry and indeed of the nation if it were sought to reduce the degree of unemployment by insisting upon major industries maintaining redundant and unnecessary employees at the expense of mechanisation, efficiency and progress."

The Chairman, however, expressed his anxiety about the gravity of the problem and made certain valuable suggestions towards its early solution: (i) He advocated the clear definition of targets, both in the private and public sectors, as to the number of jobs which they were expected to create in the context of the second Five-Year Plan. This was to be arrived at separately for each industry in the private sector after discussion between the industries and the Planning Commission. (ii) The Chairman suggested active collaboration between large-scale industrial units in both sectors with the proposed All-India Board for the Development of Cottage and Small-scale Industries so as to explore all new avenues of employment and to actively assist the development of small-scale industrial units, the major factories playing the role of a 'big brother'. The Chairman said, however, that the private sector by itself may not be able to provide all the employment that was required.

Turning to the Cement Industry, vis-a-vis the second Five-Year Plan, Mr. Khatau observed that it was a matter of pride that the industry had been able to achieve the target set for it in the first Plan. Pointing out the magnitude of the task before the industry in achieving the target of 10 million tons of cement by 1962, the Chairman mentioned the A.C.C.'s determination to achieve the production expected of the Company. He, however, sounded a note of caution, since limestone, the basic raw material in cement manufacture, was not available in unlimited quantities in India. He suggested investigations into the sources of other usable materials such as slag and calcium carbonate sludge and the utilisation of these by-products of industry, in cement manufacture. He emphasised the need for consultation in this connection between representatives of the Cement Industry and Government prior to the establishment of steel plants and fertilizer factories.

EXCISE DUTY

Referring to the Central Excise Duty of Rs. 5 for each ton of cement, Mr. Khatau said that it was most unfortunate that this basic building material should have been selected for the imposition of excise duty. He hoped that this further tax on cement would be removed by Government at the earliest opportunity.

PRODUCTION AND OFFTAKE

The Chairman reported yet another successful year of working for the A.C.C. Both production and sales of cement were satisfactory. These results were due to the A.C.C.'s policy of plant modernisation and rehabilitation along with constant expansion and to the excellent work done at all levels by its employees.

PLANT REHABILITATION AND EXPANSION

The Chairman stated that the A.C.C.'s post-war expansion schemes so far completed have increased its annual capacity by 11.75 lakh tons. Satisfactory progress was maintained during the year in the modernisation and extension of the factories at Shahabad, Kistna, Bhupendra and Kymore. The new refractory plant at Katni was expected to go into production by the end of 1955. Mr. Khatau said that the A.C.C. was investigating the details of a very large expansion programme in the context of the ten-million-ton target set for the cement industry in the second Five-Year Plan.

Coming to the field of new operations, the Chairman announced that the first unit of the Sindri plant with an annual capacity of one lakh tons would come into production by the third quarter of 1955, and a second unit of similar capacity a few months later. The A.C.C. has also negotiated with the Hyderabad State for establishing a factory at Mancherial. The bulk of the machinery for these projects was manufactured in the A.C.C.'s major workshops at Lakheri, Shahabad and Madukkarai which were now under centralised control. The Chairman hoped that they would soon be capable of producing all the machinery used for cement manufacture. He also stated that a flotation plant had been installed at Khalari Works and it was now possible there to utilize the low grade limestone available.

BULK CEMENT

Referring to the lead the A.C.C. has given in the matter of supply of unpacked cement to the consumers, Mr. Khatau stated that the first Bulk Cement Depot in India (under construction at Delhi) was expected to be ready by July 1955. "The intention is to supply initially to the large scale, and ultimately to the small scale consumer, unpacked cement at the actual site of work, in such a way as to enable them to make immediate and easy use of it without the burden of additional cost, and by doing away with the problems of packing, storage, and handling, with which they are now faced. Depending on the experience which we gain from this experiment it is our intention to increase this system of supplying bulk cement wherever it can be usefully and profitably employed."

PAKISTAN

The Chairman stated that the A.C.C.'s Pakistan factories were working efficiently, and that the Company continued to pay careful attention to their development and working. The negotiations with the Pakistan Industrial Corporation for the formation of a new company in that country had, however, been abandoned.

LABOUR-MANAGEMENT RELATIONS

Coming to labour-management relations, the Chairman observed: "The past year has been one of distinct improvement in so far as the relationship between Management and Labour is concerned. Apart from one instance of stoppage of work at the Kistna factory, which was due to political rather than economic considerations, and another short-lived dispute at Chaibasa, there has been no strike or lock-out during the year. On this I would like to congratulate my labour friends and the officials of the Trades Unions at the various factories. I would also claim that the enlightened and progressive policy which your Company has always followed with regard to the welfare and well-being of its workmen has played its part in achieving this happy state of affairs. Increasingly, I believe, our workers are realising that it is only through industrial peace and by increased output due to hard work that greater wealth can be created for equitable and fair distribution."

Mr. Khatau continued: "Of particular significance was the meeting called at Hyderabad in March of last

year by the Government of India to study certain problems within the Cement Industry. At this conference important and far-reaching agreements were come to by members of Trades Unions and Managements representing the entire industry. I must record our appreciation of the part played by the Labour Ministry of the Government of India in bringing this about. Ensuing from this meeting it has been decided to hold a further conference in Delhi early in 1955 to try and resolve a formula for the payment of bonus; to decide on the structure of a grade scheme for wages; and to introduce an agreed scheme for the payment of Dearness Allowance. It is my earnest hope that the Delhi Conference will be attended with the same success as characterised that at Hyderabad. If this hope is realised—and there is no reason why it should not—we in the Cement Industry should be able to look forward to a long period of valuable and productive hard work, unmarred by strife and turmoil, and resulting in the fulfilment of the hopes of Workers, Shareholders, and Management alike."

BONUS TO STAFF, ETC.

The Chairman then announced 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 recording the Company's appreciation of the excellent work and the fullest co-operation of the staff and operatives.

The Report and the Audited Statement of Accounts for the year ended 31st July, 1954, were then adopted.

RECORDS & STATISTICS

(QUARTERLY BULLETIN)

Editor: R. V. MURTHY, M.A.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954	..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February „ c	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March „ c	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April „ c	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ c	..	343.2	441.0	355 6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July „ c	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ c	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c	..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c	..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100 5	88 4	118.2
November „ c	..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ c	..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
Week Ending											
18-12-1954	..	317.4*	432.6	346.6	374.3	576.1	366.6*	90.4	100.7	88.1	114.2
25-12-1954	..	319.3	432.4	346.5	374.2	574.2	367.1	90.5	100.7	8.5	114.2
1-1-1955	..	318.4	429.7	345.7*	374.4	570.5	366.3	90.4	100.7	88.5	113.6
8-1-1955	..	312.0	435.8	375.7	375.2	568.2	365.1	90.5	100.7	88.5	144.5

†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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	326	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	416	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	
September	347	364	236	137	332	406	371	137	335	147	143	—
October	346	363	235	141	336	404	—	134	—	145	139	—
November	344	361	—	139	325	387	—	—	—	—	—	—
December	—	—	—	135	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 22-1-1955			15-1-1956			8-1-1955			1-1-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	92- 2	90-12	91- 5	90- 9	88-14	89-11	89- 4	88- 2	88-11	88-13	87- 9	88- 7
Silver (per 100 fine tolas)	161-14	158-11	160- 2	158- 6	155- 8	157- 0	155- 6	153- 3	154-12	155-10	154- 4	155- 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	42,48	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	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	54.6%	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
May 1954	1,220,26	25,62	1,245,88	40,02	688,15	728,17	58.45	96,49	417,75	1,245,88
June ,,	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	90,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,33	32,78	1,182,71	40,02	618,15	658,17	55.65	103,43	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,193,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
Week Ending										
10-12-1954	1,212,05	13,45	1,225,51	40,02	663,15	703,17	57.38	104,59	417,75	1,225,51
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95
24-12-1954	1,195,62	30,88	1,226,51	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51
31-12-1954	1,200,49	26,01	1,226,50	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50
7-1-1955	1,218,29	15,80	1,235,09	40,02	663,15	703,17	56.93	104,24	427,69	1 235,09
14-1-1955	1,224,51	10,44	1,234,95	40,02	653,21	693,23	56.13	104,09	437,63	1,234,95

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	62,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Averages of Fridays														
May 1954	93,14	20,61	43,30	46,19	203,15	28,47	241,62	25,90	10,11	65,23	1,12	57,83	71,91	9,51
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	87,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	87,03	28,36	65,38	34,25	220,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	63,53	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,			69,11	34,42	179,42	21,44	219,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
Week Ending														
10-12-1954	67,80	7,72	65,66		175,78	23,76	209,54	13,75	7,08	69,40†	2,67	20,37	87,13	9,13
17-12-1954	62,76	11,64	67,57	34,59	176,64	22,08	208,71	26,68	9,13	70,26†	1,92	15,12	76,41	9,19
24-12-1954	62,53	13,72	66,92	34,23	177,41	21,05	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59
31-12-1954	54,89	16,74	69,13	34,39	176,15	20,81	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65
7-1-1955	52,96	11,10	63,82	34,40	162,29	20,65	192,94	16,03	4,75	66,90†	2,75	18,33	74,50	9,68
14-1-1955	55,47	13,94	60,32	33,85	163,58	22,17	195,75	10,75	4,03	76,56†	2,73	20,00	71,93	9,76

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

SCHEDULED BANKS

(Rs. in Lakhs)

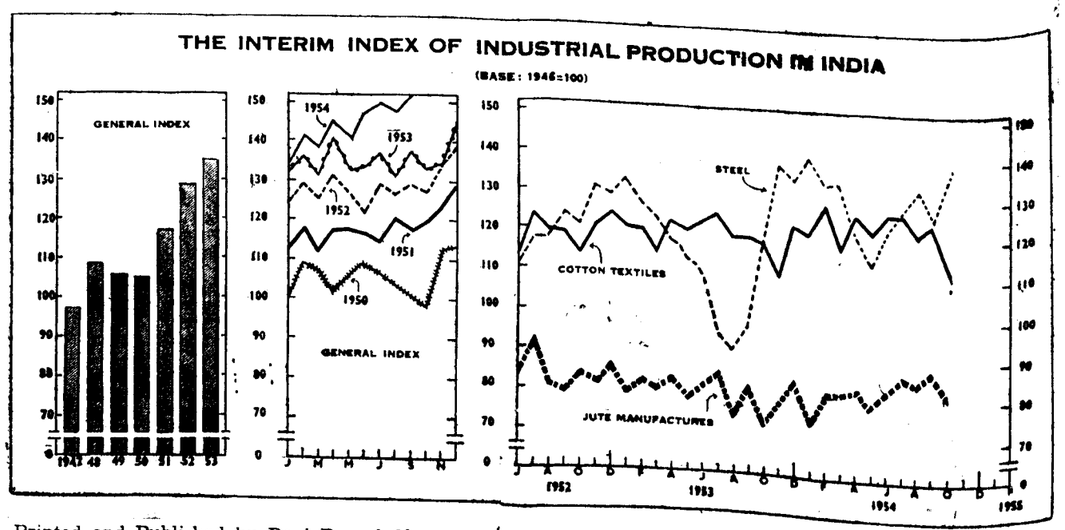
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,45
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	326,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	560,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
Week Ending										
25-6-1954 ..	546,80	334,40	881,19	33,02	41,83	8.49	465,64	83,95†	62.37	326,83
2-7-1954 ..	546,35	335,62	881,97	32,18	43,57	8.59	469,82	83,26†	62.71	327,31
9-7-1954 ..	544,05	336,96	881,01	31,60	42,95	8.46	467,30	79,87†	62.11	328,04
16-7-1954 ..	550,19	340,47	890,66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,99	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,62
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350,15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34.60	66,02	10.74	463,97	70,23†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939,15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367,14	939,70	32,25	58,16	9.62	476,03	76,67†	58.52	351,13

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

THE INTERIM INDEX OF INDUSTRIL PRODUCTION

(Base: 1946=100)

Period	General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines
		Total	Yarn	Cloth										
1947 ..	97·2	95.8	94·8	96.2	96·6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8
1948 ..	108·4	109.0	105·9	110.5	100·2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7
1949 ..	105·7	99.7	99·4	99.9	84·8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	104.6	438.9
1950 ..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7
1951 ..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.3	178.2	116.0	1,531.9
1952 ..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	156.1	160.1	122.0	897.9
1953 ..	135·3	119.9	110·1	124.8	79.8	124.1	139.9	83.5	245.1	131.8	143.3	181.8	116.5	785.6
April 1952 ..	131.7	110.3	103·2	113·9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	197.6	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	191·5	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	122.7	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	131.8	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January 1953 ..	131·1	121.1	113·9	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	129.8	110·9	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	101.8	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	136.4	123.8	495.4
April ,, ..	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May ,, ..	132.8	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June ,, ..	133·2	122·9	111·9	128.8	81·2	122.6	136.4	79.6	251.4	121.6	151.0	165.8	107.8	522.3
July ,, ..	136·3	125.7	114·4	131·3	84.7	112.2	..	72.5	262.8	147.0	150.7	194.1	94.6	741.8
August ,, ..	131·0	119.5	109·6	124·5	73.5	111.9	..	82.5	234.4	137.7	126.4	207.3	91.2	887.6
September ,, ..	137·2	119·5	111·9	128.3	81.6	125.1	12.5	88.8	243.0	148.0	138.0	203.0	96.4	1,242.0
October ,, ..	133·4	118.8	111·5	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.2	1,430.7
November ,, ..	134.3	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	128.0	1,223.8
December ,, ..	144.7	122.9	116.5	126.1	84.0	128.9	127.0	85.1	282.2	122.1	134.4	212.3	134.4	1,737.5
January 1954 ..	133.2	121.7	113.4	125.8	72.7	118.3	105.9	97.5	276.9	114.7	130.4	218.4	140.3	1,672.1
February ,, ..	141.6	127.1	116.4	132.5	81.7	137.8	100.2	83.0	297.3	115.6	130.4	260.6	133.9	1,517.6
March ,, ..	138.0	117.2	107.9	121.9	81.6	125.1	97·7	95.5	296.9	127.4	130.7	225·8	134·2	1,807.9
April ,, ..	144·9	126.2	114·9	131.9	83.7	127.9	127.2	83.6	283.7	158.3	114.3	232.7	121.0	1,766.8
May ,, ..	140.1	122·7	111·1	128.6	77.0	121.3	43.3	81.7	285.0	141.0	125.5	234.4	116.2	1,664.6
June ,, ..	146·6	127.6	113.9	134.4	83.3	121.5	..	105.8	278.0	150.3	100.7	231.4	123.1	2,008.5
July ,, ..	149·8	127.6	117.1	132.8	87.2	120.8	..	91.3	278.6	148.2	132.4	235.0	128.6	1,770.2
August ,, ..	147·5	121.4	113·6	125·3	84.5	120.5	..	94.4	261.4	142·1	125.2	283.6	133.2	1,571.5
September ,, ..	152·0	124.3	116·5	128·2	88·2	133.5	293.8	82.5	285.1	149.8	117.0	264.6	125.1	1,865.6
October ,, ..	..	111.4	105·9	114·1	81.1	119.0	..	..	284.1	..	..	..	138.7	..



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.)

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THE Eastern Economist

VOL. XXIV. NO. 5. NEW DELHI, FEBRUARY 4, 1955. ONE RUPEE

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The End of a Mission

ON Saturday, January 29, it was announced that Mr. T. T. Krishnamachari, Minister for Commerce and Industry, had submitted his resignation and would be definitely relinquishing office in the middle of this month. Deep regret has been expressed all over the country at the departure of a Minister, whose imagination and capacity for spacious understanding of the problems of Indian industrialisation have had no equal since Indian independence and possibly well before it. There are many who think the needs of the country required some greater compromise on the part of the Prime Minister and Mr. Krishnamachari. It is no secret that in the end there were personal differences as well as policy ones; it is no secret too, that, possibly alone of the Ministers of the Central Government, Mr. Krishnamachari had no love of office of any kind. It is known that his resignation had been submitted on three separate occasions in the last two years. Most observers had been encouraged to hope that the latest crisis had passed (as it had done twice before) when it reached on Saturday this week its abrupt conclusion.

The contribution of one man to the industrialization of a great country may be highly significant, and yet in the total picture it must always tend to be small. In one sense, the industrial policy which Mr. Krishnamachari initiated was supremely important because it was he who put fresh heart into the private sector. On the other hand, it would be totally unreal to find the mainspring of Indian industrialization in personal terms; it would hang literally by a thread if that were so; for an individual life is less certain than life itself, for it must terminate while the broad stream goes fitfully on. The factors which make for Indian industrialization are in the last analysis investment and market factors; goods are made because there is a demand for them and investment takes place largely because there is some surplus, either in profit or fare from their production. These impersona-

change only imperceptibly when a maker of policy withdraws. Indian industrialization, therefore, will not be seriously set back; but there is no doubt that the immediate feeling in the private sector is one of suspense.

The truth is that the private sector in Indian industry is as convinced as Mr. T. T. Krishnamachari that, for the working of a spacious plan of industrialization, some clear thinking on the agencies of construction and their capacity is an essential preliminary requisite. If the public sector had the experience and knowledge, as well as the political power and pride of finance, all would be well. But there is no one in the country who has had close experience of industrialization who believes that there is in the public sector in New Delhi anything like the necessary clarity of understanding or the capacity to take prompt decisions. It is felt that Mr. Krishnamachari's departure will reduce efficiency in the Ministry of Commerce; but in any case the salutary effect he exercised in prodding the public sector is likely to be totally lost.

This is likely to be a serious loss. It is not generally recognised that one of the strengths of the mixed economy has been not merely competition in the field but also a competitive outlook inside the Cabinet. It was Mr. Rafi Ahmed Kidwai and Mr. T. T. Krishnamachari who brought to bear on the pedestrian handling of government affairs the quick and pressing outlook of the market-place. In the last two years it is their administration in their respective Ministries which restored health to the Indian economy. Mr. Kidwai's contribution in making India virtually self-sufficient in food has transformed our balance of payments and our capacity to finance development expenditure in a manner which has totally eclipsed the Finance Minister's administration of our financial affairs. Again, Mr. Krishnamachari's administration of import and export control which he made supremely efficient and to a large extent free from corruption, as well as his handling of industrial production, which has now risen at the rate of over 10 per cent in each of the last two years are visible signs of the great impress that he has left on the Indian economy. The absence of these two wise men will be sorely felt in the counsels of the government because there is now no member of the government who can supply that knowledge of the market-place which is so desirable a portion of constructive economic judgment. It is sincerely to be hoped that someone of equal understanding might be found in this vacancy. But it is fair to say that the chances are not bright.

The source of present differences also needs some explanation. On the face of it, the problem is one of some complexity. Seeing that the Socialist picture of society has been so widely advertised there would, perhaps, have been some political difficulty in unified control under a pragmatic realist who is less given to idealistic talk than any member of the Indian Cabinet. Why in view of the political difficulties of such a surrender has Mr. Krishnamachari made the issue of a centralised industrial policy so large an issue in the present situation? The answer is largely to be found in terms of the inadequacy of the public sector to fulfil the tasks which it has set out to perform.

It is because Mr. Krishnamachari considers that the public sector as at present constituted is not gifted with the necessary resilience in negotiation and the requisite competence in technical detail that he has pressed continuously for association of experts in the private sector in important negotiations. This is no denial of the right of the public sector to keep steel or any other basic industry within its purview. It is merely to insist that industrialization should not be impeded by the mistakes of the public sector forcing on the country an uneconomic price for raw material in a basic industry which it has set out monopolistically to control.

The main issue, therefore, before the country set out by Mr. Krishnamachari's resignation is not whether steel should be in the public or private sector. It has already been settled that all new steel plants will be in the public sector. Again, the issue is not whether the management of these plants should be by civil servants. It has already been settled that, broadly, this will be the case. What is in debate is whether in setting up these plants and in managing them, the public sector is to assume to itself that degree of knowledge and competence which it clearly does not possess. Mr. Krishnamachari argues that there should be the freest flow of knowledge and information from the private sector into the public sector, and the most competent judge of the needs of the industry must necessarily be the Ministry which is responsible primarily for industrial production. Obviously, if the price of steel is uneconomic, the Ministry of Commerce and Industry can take no responsibility for the expansion of the engineering industry. It surely is fair and proper that the Ministry of Commerce and Industry should have its due share in the finalisation of all steel plant schemes which provide raw material to the private sector.

This and no other is the policy issue at stake. Whereas it is wholly proper that the private sector should be made to conform to public welfare and control in the interest of all-India planning, the public sector also needs to be controlled. The facile assumption that because an industry is in the public sector it is run in the interest of the country has been shown time and again to be absolutely unwarranted. There is no nationalised industry anywhere in the world which can maintain with conviction that its contribution to total welfare is greater than a private industry similarly run. In Great Britain serious doubts have arisen whether nationalisation and national welfare are synonymous. The third Leading Article in this issue bears on this subject, and there are also published extracts from an article by G. D. H. Cole, the apostle of nationalisation some years ago, who has now permitted himself very different thoughts. It is obvious that if the public sector is to succeed in India it must be much more aware of its shortcomings than is currently the case. The public sector cannot arrogate to itself supreme knowledge and experience and deny the right of the private sector to examine and criticise all its proceedings. It is this right of criticism of the public sector by instruments not wedded to its shibboleths which is now at stake. The balance of free opinion in the country will be on Mr. Krishnamachari's side although many may feel that the issue is not large enough to warrant his resignation.

And thus there ends a noble mission. When Mr. T. T. Krishnamachari became Minister of Commerce and Industry in 1952 there were not a few misgivings that his frankness and even acerbity at times detracted from his capacity to help Indian industry. All these misgivings have been dispelled, and in a manner which is quite remarkable. Mr. Krishnamachari captured the confidence and even the admiration of those most intimately connected with Indian industrialization. There is no doubt that whatever view is taken of the policy questions to which reference has been made, there will be universal regret that conditions in New Delhi are not appropriate for the retention of a man who has contributed so much to economic reconstruction in the relatively short period in which he has been in high office. It is not necessary to catalogue the many things that Mr. Krishnamachari has done. It is enough to say that his work will live long after the embers of the present controversy have died away.

The Andhra Elections

WITH exactly one week for the zero hour to strike, the election campaign in Andhra—the youngest "A" class and the first linguistic State since Independence—has reached its climax, the six parties in the field having got ready for a showdown. Evidence of the importance of the elections has been provided by the hurricane tours of the State made by the Prime Minister, the Congress President and other leaders, as well as by the manner in which the Congress has condescended to enter into an election pact with the Praja Party and the K.L.P. Obviously, this election is a crucial one because of the far-reaching repercussions that its results will have on the prestige and popularity of the Congress and on the future course of elections in the other States and at the Centre. The Communists are only too keenly conscious of what a defeat in their stronghold will mean to their future in the country at large.

It is going to be no easy task for the Election Commission to tackle the elections in a politically sensitive State such as Andhra, with 12 million voters spread over 11 districts who, out of 166 constituencies, have to elect 196 members to its unicameral legislature. The campaign itself is bound to be hectic in view of its multi-cornered nature, the two main parties and the four smaller groups—Praja-Socialist, Jan Sangh, S.C.F., and Independent—having thrown 550 candidates into the fray. The party position today in Andhra seems hardly different from what it was during the 1952 elections in the South, when there were six parties —the Congress, K.M.P.P., K.L.P., Socialist, Communist and Independent. In the Madras legislature the Congress had lost Andhra's strong man, T. Prakasam, who at the head of the Kisan Mazdoor Praja Party, was indulging in anti-Congress tirades both inside and outside the legislature. In this respect, however, the Congress today is in a very comfortable position; the Andhras' clamour for a linguistic State has been met, its boundaries settled and the "Kesari" has returned to the Congress fold bringing back its lost popularity.

The Congress can also boast of having rendered splendid nation-building work, and it has dangled before the Andhra voters not merely the results of the first Five-Year Plan and the prospects of the second Plan, particularly in terms of employment, but also the Congress objective of a socialistic pattern of society as reaffirmed recently at the Avadi session. Its leaders at times even lose objectivity by declaring that, "if you vote Communist, perhaps this will be the last election in Andhra". How a Communist government, bound by the Indian Constitution, can go contrary to its provisions, it is not understood.

However, one cannot be too sanguine about any party being returned with a safe, let alone thumping, majority. There are several uncertain factors in the situation. For one thing, a break-up of the electoral votes has been rendered inevitable by the existence of six parties who are in the field. Perhaps the Congress, on its part, has not learnt to profit in full by the experience it has had in Travancore-Cochin where, during the 1952 elections, the organisation was riven by party factions and linguistic animosities, such as those demonstrated by the Travancore Tamil Nad Congress, which culminated in disaster to the organisation and the enthronement of the P.-S.P. in Kerala. Both the Communists and the Congress have pledged quick land reforms but the methods suggested vary. Communist propaganda knows how best to grip the imagination of the semi-literate and ill-fed people. Elimination of classes, abolition of landlordism, expropriation of private property and such other things, "with the least bloodshed", have been held out as its objectives. The agriculturists, and middle and lower middle classes, who form the backbone of the body politic in Andhra, are the targets of such propaganda, to carry which vigorously neither men nor money is stinted.

The divergence in the methods advocated for economic reforms is noteworthy. In pledging abolition of inamdari and reconstruction of the village economy, the Congress stands by the recommendations of the Planning Commission which envisage a programme of rapid improvement of the economic conditions of the peasant. Included in its manifesto are fixity of tenure, scaling down of rents, fixing of a ceiling on holdings, prevention of fragmentation and evolution of co-operative farming. Believing as they do in direct and quick action, the Communists decry constitutional procedures in effecting land reforms and raise the lofty slogan: "All land to the tiller". Indeed, not having had to take up the reins of administration themselves, the Reds are now in the comfortable position of belittling the achievements of the Central and State Governments by telling the electorate that the Congress administrations have been characterised by "mismanagement", that the progress of the Plan has been neither big enough nor good enough and that whatever reforms have been implemented have been the result of their (Communists') relentless agitation. On the question of prohibition too they would like the masses to believe that it has proved a 'costly failure' and has only created more unemployment. As regards the Visal Andhra claim, the Communists would brook no delay in its fulfilment, while the Congress stresses the wisdom of awaiting the report of the States Reorganisation Commission.

There are also the uncertain factors represented by casteism and group tensions. In the South, communal troubles of the kind witnessed in the North have seldom existed. The communal problem there is largely a Brahmin versus Non-Brahmin problem. It is worthy of note that nomination of candidates in several Andhra constituencies has been made on caste lines and even the Congress Party, we are told, has chosen men belonging to the majority castes. It is thought, for instance, that in Narasaraopet and Kakinada, the centres of Brahmin orthodoxy, the Communists will drive a wedge between the majority and the minority groups and squeeze themselves in; and, likewise, the Khammas, who form the majority caste in some Guntur constituencies, will be supported by the Congress, and the Harijans by the Communists.

In the welter of this campaign it is just possible that the splinter groups, such as the Socialists and Independents, will find themselves holding the balance of power and the Congress may have to face the unpleasant expediency of forming a coalition or wooing their support on issues which precipitate a crisis. The tide of voting will also be swayed by the vigour of canvassing on the polling days which have been spread over five days for purpose of convenience. Communist leaders, who have been concentrating on door-to-door canvassing, may be expected to leave no stone unturned to "bring the voter out of his shell". They are hopeful of success in the five central districts having 98 seats, where they are entrenched, and also in the northern districts of Srikakulam and Visakhapatnam which have 90 seats. But this is dismissed by the United Front as mere wishful thinking. The latter, in turn, is optimistic of capturing the majority of seats in the four Rayalaseema districts with a total of 58 seats, and emerging ultimately with a total of at least 120 seats in a house of 196. Be that as it may, it is premature to hazard a definite verdict. But the results are certainly worth watching with more than usual interest.

Saturation Point for Socialism?

DURING the last ten weeks, the country appears to have taken a long stride on the road to the acceptance of a "socialistic pattern" of society. There has been little questioning about its deeper implications and still less of direct controversy about ends and means, which might in many other democracies have shaken the political structure to its foundations. Since the slogan emanated for the first time only at the top, from the Prime Minister during his address to the National Development Council in November, there could be no better definition of its general implications than that contained in Mr. Nehru's Report to the A.-I.C.C. It is not easy to guess how far these principles will shape practical policy in future. Foreign precedents will presumably be inapplicable directly, since socialism as understood in the West will not guide the definition of the "socialistic pattern" in India. But the significance of this different phrase cannot lie too remotely from what has been understood in the West by the theory and practice of socialism. Though in India the social and cultural mileu is different, it is part of our design that it should, in due course, approximate to that of the West in the emphasis on equality and mobility. It may also be assumed that the allegiance to the principle of democracy as the means will not be less strong here than in Western societies.

If this is so, what is the experience of the Western societies which have so far pursued socialism? The recent verdict of Mr. G. D. H. Cole, one of the most eminent exponents of socialism in this century, is striking for its candour. Mr. Cole writes as follows in the "New Statesman and Nation":

"In this situation, how much of socialism survives in Western Europe? In France, in Belgium, and in Holland, hardly anything; for Socialist Parties which are supported by only a fraction of the working-class and show no sign of increasing their influence are clearly helpless in the matter of changing the basis of the social order. Social Democracy is stronger in Western Germany; but even there it does not seem likely to win a majority of the electors to its side. The Scandinavians are better placed; but even when they win elections they show but little sign of a desire to use their success as a means to establishing socialism, or even to narrowing the scope for capitalist enterprise. Scandinavian achievement, like British, has stopped short at the Welfare State; and there seems to be no great wish to go further. As for Great Britain, the contents of recent Labour Programmes furnish enough evidence that the Labour Party has very little notion of what it wants to do next and is basing its hopes of electoral victory much more on its opponents' mistakes, or on the mere swing of the pendulum, than on any constructive projects of its own."

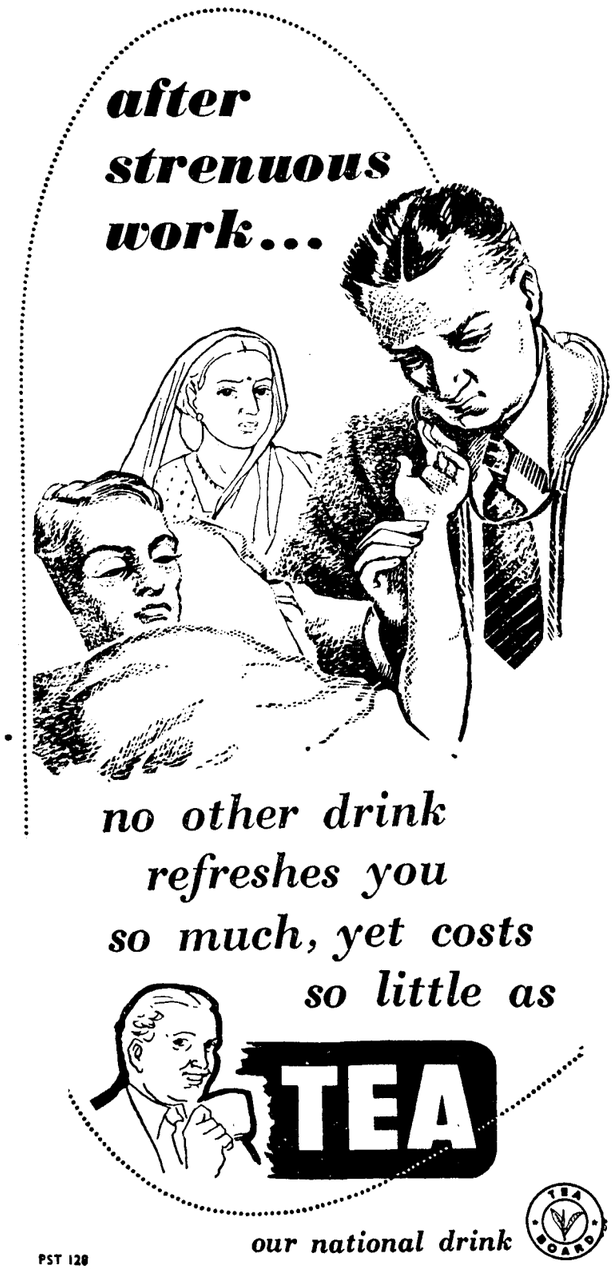
Can it be much different in India? The political parties openly wedded to the introduction of socialism in the Western countries have gone far in measures of taxation of the rich, in social security schemes and in their intervention in the economic sphere, including limited doses of nationalisation. In retrospect, much of this differs only in degree and not in kind from what an avowedly anti-socialist country like the U.S.A. has found it necessary to do to meet the changing needs of the modern world. Mr. Cole observes that the improvements in social conditions by initial doses of welfare have made electorates less discontented and less disposed to face the risks involved in total socialism. This has seemed a saturation point everywhere and since Socialists were good democrats, they could not ignore strong popular preferences. The strength of the Conservative Government in Britain today lies in the adroit manner in which it has exploited this psychology by demonstrating in such favourable climate how controls and regulations in the economic sphere had produced results which were exactly the opposite of what were intended.

The conditions in India have not been very different. The last general elections did not indicate in any sense a popular preference for socialism. The parties which proclaimed their socialism, including the Communists, received only one half of the total Congress vote. The Congress had at that time been purged of many of its Leftist elements, which had constituted themselves into splinter groups. Since then, again, the sense of relief with which successive relaxations of controls have been hailed, while the Leftist groups have lacked the courage to assail the value of such relaxations, would be evidence of the electorate's reluctance, even where it understands the content of socialism, to trust its practical implications. The link between socialism and controls, if properly illustrated with examples from food rationing in living memory, might now prove a disaster to any socialist party, if there were in existence today a sufficiently powerful Right party ready to exploit it fully.

This absence of the Right is the chief difference which distinguishes Indian socialist groups from those of the West. Apart from the general objectives implied in achieving social equality and justice, the immediate reason behind the socialist reorientation now given to Congress policy may be the desire to capture the imagination of those who are now attracted by the Communist slogan. This again is in marked contrast to what has happened among Western socialists; in the present international situation, they have moved closer to the Right. The trade unions have been the first to reject more nationalisation, slow to press wage claims, and be less disposed to cavil at colonialism. These differences in the response of the socialist political groups in the West and in India to the Communist challenge are as significant as the lack of a strong electoral backing here for socialist doctrine. This might mean that different approaches may become necessary as between the areas in India with a pronounced inclination to the Left and the others without such a tendency.

Only experience can tell and the elastic nature of the term "socialistic pattern" may help to make it flexible according to the mood of the people from place to place and from time to time. But such close dependence either on the electorate or on their representatives cannot be taken for granted in a situation where much of the initiative has invariably come from above. The ultimate approval of the electorate will depend upon whether socialist institutions are replacing at a satisfactory pace the agencies which exist, or which may come into being on their own if they are not positively prevented. In calling a halt to British nationalisation, Labour spokesmen have not repudiated their political doctrine. They have for the most part only realised that replacement by socialist institutions cannot be both quick and efficient to satisfy a vigilant democracy. This indeed is the final limitation and so long as a democracy is alive, it cannot long fail to bring the correctives into operation.





THE WEEK'S NOTES

REPORT ON ATOMIC ENERGY

The U.S. Atomic Energy Commission is proceeding with a number of projects designed to spread knowledge of the peaceful uses of atomic energy pending establishment of an international atomic energy agency to promote the atoms-for-peace programme proposed by President Eisenhower. A reactor training school at the Argonne National Laboratory near Chicago, is to be opened in March 1955 to give a four-month training programme in the broad fields of reactor technology followed by a three-month session of applied engineering projects. The first session will have about 30 students, 20 of whom may come from other countries, and later the course will be given to 80 students, 50 of whom are expected to come from abroad.

The half-yearly report of the U.S. Atomic Energy Commission submitted to Congress this week states that the AEC had "evolved a pattern for research and development from which, it believes, will come nuclear power plants that will compete with other sources of energy". It said that with the need for feasibility of nuclear power already established, "extensive" material progress was made in the field of reactor development during the past six months. "Ground was broken for the nation's first nuclear power-plant, its first atomic submarine began its sea trials, and industry took an active interest in the field by investing private funds in the study of the peaceful applications of atomic energy."

The report said that five types of plants believed to be the most likely to lead to economic nuclear power were chosen, and three are in the construction phase. One type, the pressurized water reactor, will be the nation's first full-scale civilian atomic power-plant. The remaining four types are experimental in size. According to the report, during the past six months an increasing number of industrial firms invested their money in Commission-approved studies in the field of reactor technology. Special interest was reported to have been shown in the Commission's power demonstration reactor programme. Under this programme the AEC will consider bearing a portion of the expense of reactor plants "leading to the demonstration of the practical value of such facilities for industrial or commercial purposes". "The programme for industrial participation through study groups," the report said, "was broadened to allow a wider segment of industry to take advantage of the available technology." The report said that during the past eight years 46 other nations have received shipments of isotopes from the U.S. for use in atomic research. Egypt, Lebanon, India, Pakistan, Turkey and Israel are among the countries listed.

RELIGION AND HISTORY

Dr. Arnold Toynbee, who recently completed his life-time work "A Study of History" which he began in 1927, has now explained in the current number of "International Affairs" his entire approach to the subject of history. Dr. Toynbee regards his own as one of the first attempts to take a panoramic view of history which has become possible only recently. He feels sure that these attempts will be continuously revised and corrected and superseded as time goes on and as more people turn their minds to this "exciting intellectual enterprise." His critics, therefore, should not overlook this limitation which the historian has conceded. Dr. Toynbee has been criticised for basing historical analyses too much on patterns. H. A. L. Fisher denied knowledge of such historical patterns, but Dr. Toynbee attributes this to the unawareness of modern historians to such patterns. The real issue, according to him, is not whether mental patterns exist but whether they cover the whole field of human affairs or only a part of it.

Dr. Toynbee is conscious that during the last 27 years, his own outlook has changed. "Religion has come," he says "once again to take the central place in my picture of the universe". But it was not a simple return to Christianity in which he had been brought up. The following passage illustrates this transformation:

"I was brought up to believe that Christianity was a unique revelation of the whole truth. I have now come to believe that all the historic religions and philosophies are partial revelations of the truth in one or other of its aspects. In particular, I believe that Buddhism and Hinduism have a lesson to teach to Christianity, Islam and Judaism in the 'one world' into which we are now being carried by 'the annihilation of distance'. Unlike the Judaic religions, the Indian religions are not exclusive. They allow for the possibility that they may be alternative approaches to the mystery of Existence; and this seems to me more likely to be the truth than the rival claims of Judaism, Christianity and Islam to be unique and final revelations. The Indian standpoint is the one from which these last four volumes of my book have been written."

ECONOMIC PROGRESS IN A FREE SOCIETY

Economic progress is achieved best within the framework of a free society is the theme of a report issued a few days ago by a committee of the United States Congress.

The report, a carefully documented study prepared by experts of the U.S. Library of Congress, comes to the conclusion that the economic capacity of the United States, Canada and Western Europe "is significantly greater" than that of the Soviet Union and its East European satellites and that the economic gap between the two groups has been widening rather than narrowing. The Soviet Union, starting at a much lower economic level, has shown a higher percentage gain for every pound of industrial capacity added. But despite the Communist drive for rapid industrialization, the United States has increased its actual output of goods and services nearly twice as fast as the Soviet Union over the past fifteen years. This is seen most clearly in the comparative production rates of steel and power. These are not only basic to modern industrial progress; they are items that have received primary emphasis from Soviet planners. Soviet steel production rose from five million metric tons in 1929 to 38 million in 1953—a gain of 33 million tons. In the same period the United States was building up its own steel output from 57 million to 102 million metric tons—a gain of 45 million. Thus, while U.S. output did not quite double, and that of the Soviet Union increased sevenfold, the real disparity or "absolute gap" between the two increased from 52 million to 64 million tons.

A similar pattern emerges in the case of industrial power. Between 1937 and 1950, the commercial energy output of the Union, expressed in terms of coal equivalent, increased some 70 per cent—from 177 million metric tons to 299 million—a gain of 122 million. In that same period, the energy output of the United States rose only 44 per cent; the rise, however, was from 812 million tons to 1,166 million—a gain of 354 million.

But mere measurement of comparative output levels does not tell the whole story. The fact is that the industrial advances of the totalitarian Soviet bloc have been paid for at an exorbitant price in terms of human life and freedom. Nor have they been passed

on to the people in the form of higher living standards. This is seen in a comparison of personal consumption rates. In the United States, these rates are more than 40 per cent higher than before World War II. In the independent nations of Western Europe, which have successfully recovered from the war destruction, they are, on the average, 11 per cent higher. In contrast, per capita consumption in the Soviet Union and in Poland are barely above pre-war levels, and in other countries of Eastern Europe, they are still below those levels. It is interesting to note that in Communist East Germany this consumption rate is still below pre-war, while in free West Germany it is some 20 per cent above pre-war. Reflecting this situation, consumer goods production takes up the major portion of the free economies, but less than ten per cent of the Communist economies. Despite recent Communist propaganda on this subject, there is little evidence that the old Stalinist policy of concentrating on heavy industry has changed much, if at all.

REGULATION OF FORWARD TRADING

That the task of regulating forward trading in India is by no means easy is evident from the first annual report of the Forward Markets Commission for the year 1954. This is the first time that regulation of futures trading in commodities on a countrywide basis is being attempted, and the Commission, which was set up in September 1953, has had to break new ground, create its own procedure of work and train its staff. The promotional and exploratory work involves a comprehensive study of whether a particular commodity market should be brought within the regulatory provisions of the Act. Before recognition to conduct futures trading is recommended, it has to make detailed inquiries into the claims of associations for such recognition. And even after recognition, the Commission has to supervise and inspect the activities of the organisations concerned, and also collect factual data and keep the different markets under constant observation.

The report shows that, up to the end of December 1954, the Commission has submitted reports to the Central Government on the application of the Forward Contracts (Regulation) Act to six commodities, viz., cotton, castorseed and oil, groundnut and oil, linseed and oil, shellac, and jute, raw and manufactured. Its reports on cotton and shellac have already been accepted by the Government, while its action on the other four reports is awaited. It has on hand the study of the forward markets in seven other commodities.

Cotton was the first commodity taken up for study by the Commission in view of the importance of this commodity in the national economy and the fact that forward trading in it was already permitted and carried on under the Essential Supplies (Temporary Powers) Act by the E.I.C.A. The Commission, according to the report, has so far received 30 applications from associations for recognition and these are being examined by the Commission. The recognition granted to the E.I.C.A., by the State Government under the Bombay Forward Contracts Control Act, 1947, has been continued. At the instance of the Commission, the E.I.C.A. effected several amendments to its Memorandum, Articles of Association and bye-laws, the important ones being those providing for the imposition of margins, introduction of weightage of 6¼ per cent, and submission of weekly returns by members of their daily transactions.

The Commission accorded due weight to oilseeds in its programme of work, and began with castorseed as it is the only oilseed in which forward trading is permitted at present. Likewise, the Commission decided to take up groundnut which is an important oilseed in which futures trading was prohibited and which guided the trend of other oilseed prices. These reports were submitted in July and September last. The Commission's findings on linseed and linseed oil were placed before the Government in November.

Soon after the Jute Enquiry Commission submitted its report to Government in March 1954, the Forward Markets Commission took up for study the question of the application of the Act to raw jute and jute goods and the report to Government was submitted in December last.

FINANCE FOR COLONIAL DEVELOPMENT

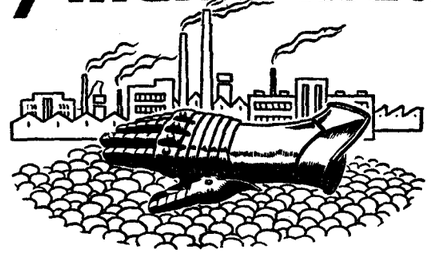
A total of £120,000,000 will be available to Colonial Governments for financing development projects during the period 1955-60, according to a White Paper just issued in London. The White Paper surveys the work done under the Colonial Development and Welfare Acts. New legislation has been introduced in the British Parliament to provide £80,000,000 of new money for the five-year period. The remaining £40,000,000 represents the existing provision which is expected to remain unspent on March 31 of this year. The total represents an increase of £10,000,000 a year over the current rate of Colonial Development and Welfare expenditure.

Mr. Alan Lennox-Boyd, Colonial Secretary, emphasises in the introduction to the White Paper that, while guidance and advice from London have always been readily available, it has at no time been thought that colonial development could or should be planned in detail in London. Apart from an overall control of funds from London, responsibility for development programmes always rests on the governments of the colonies. "Local initiative has thus been stimulated in a way which would otherwise not have been sustained." It is the most practical system and "by and large clearly the most efficient".

Britain will now be directly helping the colonies at the rate of £24,000,000 a year, compared with £14,000,000 formerly. The White Paper estimates that in all development work in the colonies is costing about £500,000,000 in local revenue, loans and grants. Loans in the London market since 1949 already total £131,000,000. The White Paper states that the expansion has been brought about by a big rise in trade. In 1953 colonial exports fetched £1,267 million, six times more than in 1936. Imports, valued at £1,342 million, were three times greater. Education—the most urgent need—has taken altogether £21,400,000. There have been striking results. The number of school-children nearly trebled between 1947 and 1952 in the Gold Coast and Singapore, nearly doubled in Uganda, Tanganyika and Zanzibar, and increased by half in Kenya, Nigeria, Sierra Leone and Malaya. Literacy has increased and more people have qualified for Government posts. Improvements in health services—for which £13,600,000 has been allocated—are reflected in falling mortality rates. In agriculture, £20,000,000 has been used to reduce soil erosion, to assist irrigation schemes, soil fertility, and to teach farmers how to get the best out of their land. Nearly £19,000,000 has been devoted to the development of roads and airfields in many territories, and many colonies are now building good tarmac roads.

The White Paper estimates that the need for external finance will be greater during the next five years than it has been since 1950. It expresses the hope that Colonial Governments will be able to get some of this money from such bodies as the World Bank, and that further assistance will be given by specialised agencies of the United Nations. The United Kingdom must, however, continue to be the main source of external finance.

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WORLDGRAM

AGRICULTURE

Construction of Tubewells in India: It was revealed at a two-day tubewell conference of the Secretaries and Chief Engineers of Irrigation and Electricity Departments from the States of U.P., Bihar, PEPSU and Punjab, which met recently at New Delhi, that the first Five-Year Plan target of 4,000 tubewells is expected to be exceeded by 40 per cent, the total number of tubewells to be constructed by the end of the period being 5,600. The conference reviewed the progress of the tubewell programme in the country and discussed the question of bridging the gap between the rapid construction and slow energisation of tubewells. It recommended the pooling of rates for canal and tubewell irrigation so that the agriculturist has to pay a uniform rate irrespective of the fact whether he draws water from canals or tubewells. The conference discussed various points regarding the new project of 700 tubewells being sponsored by the Union Government under the current Five-Year Plan. It was agreed that 100 wells in PEPSU should be let out on contract.

FINANCE

Higher Profits by Australian Public Companies: A survey of Australian public companies conducted by the "Australian Financial Review" discloses a healthy recovery in profits for 1953-54. Of a total of 72 companies, only one reduced its dividends. Fifty-four increased dividends and 27 maintained a steady distribution; none failed to pay dividend. An analysis of the net profit figures for the group reveals that 67 reported higher net figures, and only five disclosed lower net earnings. Of 13 who used extra capital, all reported higher earnings. The survey covered building and construction, engineering, finance, investment and trustee insurance, motor trade, pastoral, retail textiles, wholesale (general) and other businesses. Although taxation rates were lower in 1953-54, the disclosed tax provisions by 46 companies revealed that tax allocations totalled £(A)1,900,000, compared with £(A)1,800,000 in the previous year. The generally higher gross profits required heavier tax provisions. There was a noticeable tendency to earmark extra amounts in 1953-54 among 60 companies who revealed their depreciation provisions. The total of these provisions was £(A)2,800,000 against £(A)1,900,000 in 1952-53.

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Malaria Control in India: For the control of malaria in India, there are about 135 units of teams in 30 States, including Sikkim; each unit is manned by one Malaria Medical Officer and other personnel. The programme is being financed with contributions from the TCA, Central and State Governments and the UNICEF. The total contributions for the years 1953-54 are: TCA Rs. 7,62,25,000, Government of India Rs. 2,37,75,000, State Governments Rs. 5,25,92,000 and UNICEF Rs. 19,21,000.

*

Foreign Assistance to Pakistan During 1954-55: According to the Pakistan Foreign Aid Co-ordination Committee, Pakistan has so far received Rs. 298 million as economic and financial assistance. This is in addition to the special U.S. wheat gift valued at Rs. 215 million. During 1954-55, Pakistan expects to receive a total of Rs. 400 million from the U.S., the U.K., Australia, Canada, the Ford Foundation, the World Bank and the U.N. The special features of the aid this year are that assistance will be given for the execution of development projects and part of the aid will come as raw materials and consumer goods from the U.S.A.

Japan's Six-Year Economic Plan: The Japanese Economic Counsel Board recently made a report on the six-year economic plan. The plan aims at attaining a self-sustaining economy and full employment in the fiscal period 1955-60, through promoting exports, increasing domestic supply of goods and stabilising currency value. The gross national production is to be raised up to Y. 8,800,000 million by fiscal year 1960 against Y. 7,200,000 recorded in 1953, and it is sought to restore balance of payments equilibrium at $2,660 million without counting any receipts from special procurements.

*

Housing Scheme for Handloom Weavers: A scheme for the grant of subsidies to housing colonies for handloom co-operatives providing residential-cum-workshop accommodation has been approved by the Union Ministry of Commerce and Industry. The colonies will have central common plants for such processes as dyeing, finishing, calendering, etc., which will be owned and run by the co-operative society concerned. The Government will finance such colonies out of the handloom cess funds with a ceiling of Rs. 5,000 for each house, subject to the actual cost incurred. Twenty-five per cent of this cost would be given as an outright grant and 50 per cent as a long-term loan repayable in 25 years and bearing the usual rate of interest. For the central plants, the entire non-recurring expenditure, i.e., on equipment, machinery, etc., would be met half as a loan and half as a grant. Fifty per cent of the non-recurring expenditure will be met as a grant.

*

Economists Chosen for World Bank Programme: Eight economists from Europe, the Near East, Africa and the American Republics have been selected for the seventh annual training programme sponsored by the International Bank for Reconstruction and Development (World Bank). The 1955 trainess were chosen from some 100 applicants from 56 member countries of the World Bank. A total of 44 of the Bank's member countries have had participants in the training programme since 1949. The purpose of the programme is to acquaint the trainees with the activities of the World Bank in the field of economic development. They learn how the Bank makes loans, markets bonds, analyses projects, draws up long-range development programmes and its methods in giving technical assistance. A group of special trainees from Denmark, Pakistan, Indonesia, Brazil, and Guatemala will take the first few months of the 11-month programme with this year's winners.

*

Indo-Canadian Biological Control Station: The Canadian Government has agreed to provide India with about Rs. 1.6 lakhs under the Colombo Plan for a Biological Control Laboratory at Bangalore, in India, in order to collect beneficial insects and other organisms already existing in India as well as to import such organisms from foreign countries with a view to utilising them to destory crop-pests in India. The construction of the Laboratory will be through the agency of the Commonwealth Agricultural Bureaux. The Government of Canada will provide an expert who will be in charge of the Station for the first 18 months. The expert will later be replaced by an Indian who will be associated with the Station from its inception.

INDUSTRY

Synthetic Oil Plant in India: The Government of India have accepted in principle the report of the Synthetic Oil Committee—appointed last May—recommending the establishment of a synthetic oil plant in the country. The Committee has recommended that

as a first step, a plant to produce 300,000 tons of synthetic fuel annually at an estimated cost of Rs. 52 to 57 crores should be set up. The Committee's recommendation is that the capacity of 300,000 tons of synthetic oil be made up of 85,000 tons of aviation spirit and 215,000 tons of motor spirit, diesel oil and lubricants. It has also been decided that a project report for the proposed plant should be prepared before decisions regarding capital investment and other matters can be taken. The appointment of consultants is under consideration and a decision is expected shortly.

*

U.K. Coal Output Rises: The United Kingdom's coal output at 223,795,000 tons, last year was a little higher than in 1953, and compares favourably with the 223,519,000 tons in the previous year. Although open-cast production fell from 11,690,000 tons in 1953 to 10,230,000 last year, deep-mined output showed a rise of 1,700,000 tons.

*

Magnesite Deposits Discovered by Indian Geological Survey: The Geological Survey of India have discovered five new areas of magnesite deposits in Almora District of U.P., occurring as narrow bands of big crystals. Magnesite is used in the manufacture of refractory bricks for metallurgical furnaces; and demand for it will grow with the expansion of the iron, steel and metal industries.

*

Sustained Programmes of British Chemical Industry: According to the Chairman of the chemical and allied trades section of the Manchester Chamber of Commerce, the British chemical industry has just completed a year of "sustained progress". In the section's annual report for 1954 it is disclosed that output was two-thirds above that of 1948. Exports for the first 10 months of 1954 rose by 16 per cent in value, and even more in volume. In spite of overseas competition, there was increased trade with Commonwealth countries—notably India, Australia, New Zealand, and Pakistan.

*

Production in India and China: According to the A.-I.C.C. Economic Review, China produced more coal, pig iron, steel, cement and paper than India in 1953. But India produced more electrical energy and had a much larger railway mileage. The actual figures of Chinese production are as follows with the corresponding Indian output in brackets: Coal 82 (36) million tons; Pig iron 3 (1.7) million tons; Finished steel 2.17 million tons (approximately 1.25 million tons in 1954); Paper 4,80,000 (1,40,000) tons; Cement 4.73 (4.34 approx.) (1954). Electric power 1.3 (2.8) million k.w.; Railway mileage 15,342 (35,000); Cotton yarn 406 million bales (1,506 million lbs) and metal working machines 13,513 (comparable figures in quantity for India not available).

*

Indian Efficiency in Machinery Manufacture: The Government of India are expected shortly to announce the appointment of a Committee to examine the expansion of industries in the country with special reference to the possibility of completely stopping imports of machinery and parts from abroad. The Committee is to be composed of official and non-official memeber, including not less than two industrialists. The Committee is expected to study the reports of the Malgaokar Committee—investigating idle capacity of industries—and the Baldev Singh Committee on ordnance factories, in connection with the inquiry.

*

Protection Granted to Automobile Sparking Plug Industry: The Government have accepted the Tariff Commission's recommendation for grant of protection to the Automobile Sparking Plug Industry till December 31, 1955. The Report covered all specifications of sparking plugs in 14 mm. and 18 mm. sizes including resistor types, but excluding integrally screened types. A protective duty of 92½ per cent ad valorem (standard) will be levied on sparking plugs of the specifications and sizes mentioned above, and parts thereof, adapted for use in motor vehicles other than motor cycles and motor scooters, and a preferential duty of 85 per cent ad valorem will be levied on such sparking plugs and parts thereof, of U.K. origin adapted for use exclusively in motor trucks. Government have accepted certain other ancillary measures of assistance to the industry suggested by the Commission.

TRADE

Towards Freer Trade in Europe: The U.K. Chancellor of the Exchequer, who was Chairman of the recent 3-day meeting of Ministries of the 17-nation organisation for European Economic Co-operation, stated that member countries were to increase the proportion of imports they bought from each other free of quota from 75 to 90 per cent during the six months after April 1, next. They would have three months after April, to free from quota 10 per cent of imports still restricted. These measures are to be tried out as an experiment for 18 months, after which members can revert to the 75 per cent figure, if other countries do not maintain fair import policies. The managing board of the EPU has been asked to draft a plan for a European credit fund to support countries with difficulties in balance of payments, when free currency exchange including sterling were restored. This fund would provide some $500 to $600 million in short-term credit.

*

Export of Kardi Seed and Niger Seed: The Government of India have decided to release a further quota for export of kardi seed and niger seed. Exports will be allowed from the ports of Bombay, Calcutta and Madras within a ceiling subject to a maximum allotment of 500 tons to any one shipper from all the ports. It has also been decided to continue to licence the export of kardi seed oil and niger seed oil freely till the end of June 1955.

MISCELLANEOUS

Khadi and India's First Five-Year Plan: It is estimated that at the end of the first Five-Year Plan there will be 75 lakh spinners. Working eight hours a day they will produce 150 crore square yards of khadi, but if they work only one hour a day some 20 crore square yards of khadi will be produced. Khadi work is expected to spread into 100,000 villages. Some 45,000 schools will have introduced instruction in hand spinning, and 7,000 khadi workers will be engaged in village work. Apart from these, between 50,000 to 60,000 persons will be gainfully employed. Khadi production is to be increased to the value of Rs. 25 crores.

*

The French Standard of Living: The National Institute of Statistics has just completed a comparative study of the standard of living in France and thirty-three other countries, from the data published by the U.N. In France, as in the U.S.A. and the Netherlands, more than 80 per cent of the children between the ages of five and fourteen go to school. France has one doctor for every 1,200 of the population, while the U.S.A., Western Germany, and Italy have one doctor to every 700 and 800 inhabitants. France has one hospital bed for every 70 inhabitants. Sweden has one bed for 90, the U.S.A. for 100, Italy for 143, and Great Britain for 185. India has one bed for every 2,500 inhabitants. France has 6 telephones for every 100 inhabitants, U.S.A. has 30 for 100 inhabitants, Sweden 26, Denmark 10 and United Kingdom 12. In respect of wireless sets, France has 19 for every 100 inhabitants, as compared with Western Germany's 23, 25 of Great Britain and Norway, Sweden's 32, and the U.S.A.'s 70.

NEWS IN BRIEF

INDIAN

Following the recommendations of the Forward Markets Commission, the Union Government recently announced their decision to bring oilseeds and oils under the purview of the Forward Contracts (Regulations) Act, 1952.

*

The 12th All-India Tuberculosis Workers' Conference, organised by the Tuberculosis Association of India, will be held at Amritsar from February 14 to 17. Some 200 experts from different parts of the country are expected to attend.

*

According to a statement made by the Deputy Adviser to the Union Ministry of Education, the Union Government have sanctioned Rs. 2 crores for implementing the recommendations of the Secondary Education Commission.

*

It is estimated that the total amount of compensation including rehabilitation grants, payable to the intermediaries by the State Governments, in connection with their land reforms schemes is in the neighbourhood of Rs. 450 crores.

*

The Government of India has given a licence for establishment of the first ferro-manganese plant in the country, at Tumsar in Madhya Pradesh, at an estimated cost of over Rs. 1 crore. The factory will produce about 30,000 tons of ferro-manganese annually.

*

It is estimated that since the beginning of the Plan period up to July 1954, India had received assistance from foreign sources to the tune of over Rs. 230 crores.

*

The expenditure incurred in all the Community Development Projects and the National Extension Service blocks during the two years ending September 1954, is estimated at Rs. 15 crores, of which one-third has been contributed by people of the areas in cash, labour and kind.

*

Certain Part A and B States Governments are understood to be arranging the issue of Ordinances to continue, to the extent necessary, the controls instituted under the Essential Supplies (Temporary Powers) Act, 1946, in respect of some of the commodities which will be within the State jurisdiction on the expiry of that Act.

*

The Government of India have sanctioned a sum of Rs. 1,52,000 for developing the handloom industry in Pondicherry and Rs. 14,000 for the same purpose in Karaikal. The loans provide for the grant of both share and working capital to co-operatives. A rebate will be given on sales of handloom cloth from weavers' co-operatives and State-owned depots.

*

India's tea crop for the year 1954-55 is officially estimated at 639 million lb. The annual production of wool in the country is estimated at between 50 and 55 million lb.

*

The Government of India during 1953-54 sanctioned loans totalling about Rs. 16.96 crores and grants totalling Rs. 2.30 crores, to the various States for taking up different types of minor schemes. During the same year India imported 3,195 tractors, valued at over Rs. 2.54 crores.

FOREIGN

Since World War II, almost two million permanent houses have been built in the United Kingdom, enabling six million people to be re-housed. On an average, one out of eight persons in the U.K. is living in a post-war permanent house.

*

The 34th British Industries Fair will open in London and Castle Bromwish, Birmingham, on May 2, 1955. The exhibits at the BIF will include toys, jewellery, glass, textiles, furnishing and fancy goods in London, and electrical, hardware, engineering and building equipment in Birmingham.

*

The Ceylon Government have announced an increase in tea export duty from one rupee per lb. to one rupee 30 cents per lb. The increase will be effective immediately. This increase in duty will be borne by producers and will not affect consumers at home or abroad.

*

Australia will contribute £(A)223,360 to the U.N. Technical Assistance Programme—25 per cent more than last year—bringing her total contribution to £(A)884,776. Australia's contribution provides for the sending of experts to, and the training of personnel for, South-East Asian countries.

*

According to Press reports, Pakistan is expected to invite Iran to join in a Middle East Defence Pact. The Defence Pact group will comprise Iran, Pakistan, and Turkey. Talks with Turkey and Iran are expected to begin simultaneously.

*

Austrian crude steel production in 1954 is reported to be approximately 280,000 tons against 200,000 tons in 1953. This increase is due to improved sales conditions. With 60 to 70 per cent of total Austrian exports made up by steel, Austria ranks second after Sweden in her proportionate steel exports.

*

The 1955 Iraq Budget provides for an estimated expenditure of ID. 58,526,160 and an estimated revenue of ID. 50,973,000 (excluding revenue from oil). Adequate funds have been earmarked for the strengthening of the Iraq Army. The increased foreign demand for Iraq oil raised her foreign currency reserves.

*

The Conference of the International Air Transport Association (IATA) will be held at Scheveningen (near The Hague) from February 22 to 25, 1955. The Conference, being held after two years, will be attended by some 55 delegates from the membership of IATA.

*

The Government of Austria have offered 27 scholarships for practical training of Indian nationals in Electrical Engineering, Mechanical Engineering, Metallurgical Engineering, Paper and Cellulose, Brewery and Chemical Engineering.

*

An International Monetary Fund delegation led by Mr. Gabriel Ferras, Deputy Director of the Exchange Restriction Department, arrived in New Delhi recently on a routine visit. The delegation is expected to spend about four weeks in India studying the foreign exchange control regulations.





What does TROMBAY *mean to her?*

A village woman lights her lamp. The shadows of the evening are pushed back to the far corners of the hut. The kerosine lamp becomes the focal point of her home. A trivial enough incident in the day's routine . . . yet multiply this 300 million times to see how important it really is. For India lives in villages . . . villages which rely on kerosine for light and fuel.

"The aim should be" to quote from a statement on the Community Development Programme, "to create in the rural population a burning desire for a higher standard of living—a will to live better." It is true that a higher standard of living implies something much more than the satisfaction of basic needs. Yet those needs must be met before further development is possible,—in this respect alone the Burmah-Shell Refinery is laying part of the foundations on which the structure of planning rests.

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A Window On The World

EISENHOWER SEES THE POINT

By

ODYSSEUS

WE PAUSED in this History of Our Own Times last week just when Eden had reiterated that there could be no real security without the goodwill of the free Asian countries. He hoped that there would be agreement on an international guarantee of any Indo-Chinese settlement and some system of South-East Asian defence, which might be a reciprocal arrangement in which both sides took part, such as Locarno, or, it might be like NATO. This apparently innocuous statement made in the House of Commons, a few hours before the departure of Churchill and Eden by air for vitally important talks with President Eisenhower and Mr. Dulles in Washington, caused (as I said last week) the State Department to blench to its white spats and Senators to tear off their braces and declare a jehad against Britain.

What was uppermost in Eden's mind in referring to Locarno was probably the new spirit in Franco-German relations which, it had been hoped, that treaty would herald, but all that the Americans remembered was that it had been torn up by Hitler with impunity. Then, again, the suggestion looked like another insidious British attempt to secure recognition of the Chinese communist government. Some weeks before, Mr. Dulles had told the State Department to draw up a list of Anglo-US differences with the suggestion that America and Britain should co-operate where they were in agreement, as, for example, over EDC in Europe, but that consultations should no longer be regarded as normal in the vast areas where their views were apparently opposed, as in China, Japan, India, Indo-China, Burma, and the Middle East, and that the USA should be free to do what it liked in those parts of the globe.

Mr. Dulles was, I submit, within his rights in instructing his Department to review US policy in order to see whether it needed revision as far as Britain was concerned. He would also have been within his rights in telling Eden personally, or through diplomatic channels, how unfortunate the possibilities might be. That is diplomacy. But to have leaked all this out to the US press, to be embroidered with every sensational device of journalistic technique, is what I call "shot gun diplomacy", the object of which is to frighten your opponent (or, in this case, ally) into submission. Its repeated use in 1954 proved only that when a nation is publicly brow-beaten, its national self-respect is aroused, and therefore irrespective of whether the warning received is sensible or not, no democratic politician can act on it and stay in power. "Shot gun diplomacy" not only solves nothing, it worsens everything by making everybody mad with everybody else.

In such a poisoned atmosphere, the success of the White House talks enhanced the stature of the four statesmen concerned, as men of frankness and vision. Of course, the differences between US and British policy were not wholly ironed out, but they were narrowed to manageable proportions, and were now often realised to be more of emphasis or of timing than of objective. The Locarno clash was seen to have been a mountain out of a mole hill when Mr. Dulles explained that his objection was that a Locarno type treaty would consecrate existing communist control of East Europe (including parts of Germany and East Austria) and of North Korea, and would end the hopes of captive peoples such as the East Germans and might in certain circumstances even require the USA to use armed force against them. Eden explained that all that he had sought was how to ensure that the Colombo powers underwrote whatever Indo-Chinese settlement could be reached in Geneva. On South-East Asian policy one of Washington's soberest and best informed commentators, Ernest Lindley, reported after the talks that despite some differences, Washington "does not doubt that Britain under its present government would fight if the communists should again resort to clear cut military aggression as they did in Korea. And, of course, the British are bound by treaty to fight against any communist aggression in the NATO area. But British policy tends to be more flexible than ours, to seek adjustments by negotiation, to be wary of action which might lead to a war with China or the USSR."

CLASSICAL DIPLOMACY AND—

Although Mr. Eisenhower and Mr. Dulles felt reassured by their talks with Churchill and Eden, there remained considerable differences between the Administration and a substantial number of Congress men. In the hours after Eden and Churchill took off from America and before they landed in London, the American press was reverberating with Senator Knowland's fulminations over the wickedness both of the Chinese government and of those who would recognise it. It was in its this context that Churchill said in the Commons on July 12, that a gulf separated those who wanted peaceful co-existence with the communist and non-communist nations, and those who wished to extirpate the communist fallacy. He applauded Mr. Eisenhower's declaration that the hope of the world lay in peaceful co-existence combined with vigilance, but what Churchill was too good a diplomat, and too responsible a statesman, to add was that this was precisely the gulf that separated Senator Knowland from Mr. Eisenhower and that it was the Senator who was setting the pace of US policy. He was trying to push the American people into approving a policy that would root the communists out of China. Churchill told the Commons that he was "astonished" at the storm raised by Senator Knowland over China's possible admission to the UNO, because, he pointed out, this was not an immediate issue and had not been prominent in his talks with the President. And, again, Churchill was too conscious of the futility of "shot gun diplomacy" to get his own back at Senator Knowland by telling the Commons that this had occupied more attention in the USA than any other item on the agenda simply because Senator Knowland saw in it a way of forcing the President and Mr. Dulles to issue strong statements declaring their unalterable opposition to the admission of China to the UNO.

At this moment when M. Mendes-France had just become French Premier and was about to face Premier Chou En-lai at Geneva under his own self-imposed ultimatum—"settlement within a month or resign"—the solidarity of the representatives of the free world under the natural leadership of the USA was more than ever vital, but the inter-continental name-calling let loose by Senator Knowland and the Congressional

anti-communist extremists made Mr. Dulles feel that it would be as much as his head was worth even to meet M. Mendes-France, let alone attend the Geneva conference. He felt that he had to prove to Congress that no one was more alive than he to the communist danger.

"SHOT GUN DIPLOMACY"

The only thing to say about this heroic anti-Chinese attitude was that it was extremely gratifying to Premier Chou En-lai, who was now publicly informed that he could virtually do what he liked with the French who were obviously of no importance in American eyes. Likewise, all the friends of America in France must have experienced the same sort of bewilderment and frustration that overtakes communists when Moscow reverses the party line without warning. As I have pointed out earlier in this series, the USSR and the USA have in common that both, by hectoring and brow-beating their friends, have on occasion done more to harm their causes than any of their professed opponents.

It was only under the greatest personal pressure from M. Mendes-France and Eden that Mr. Dulles was persuaded to offer M. Mendes-France some hasty last minute moral support by flying over to see him in Paris, and by granting that Mr. Bedell Smith should return to Geneva as an observer, and that if an agreement which the USA could respect were reached, the USA would refrain from upsetting it and would regard any violation of it as a matter of grave concern. Surely this was the rock bottom ever achieved in diplomacy by a great power: that a major peace conference should be held, at which every great power was represented by a Cabinet Minister, while the Secretary of State of the country which should have been leading the free world was not merely absent but ostentatiously absent! In a humorous aside, Eden mentioned in the Commons the complications caused by lack of diplomatic relations between some countries. "Someone had to provide a channel of communication, even at the risk of being called a 'Municheer'," he said amidst loud laughter, "and if no one had, we should have been completely stuck...There is no doubt that one result of the conference has been an improvement in Anglo-Chinese relations"—a remark welcomed by a body which evidently considers one of the objects of diplomacy to be precisely the improvement of international relations.

However, the best epitaph that I have seen on the American position at the Geneva conference was eventually to come from no less a person than Mr. Eisenhower, who, from a shaky start, was gradually gaining in experience, self-confidence, and international influence. Referring on July 21 to the agreement finally reached at Geneva, he said that if he were asked for an alternative, he had no better plan and that he was therefore not going to criticise.

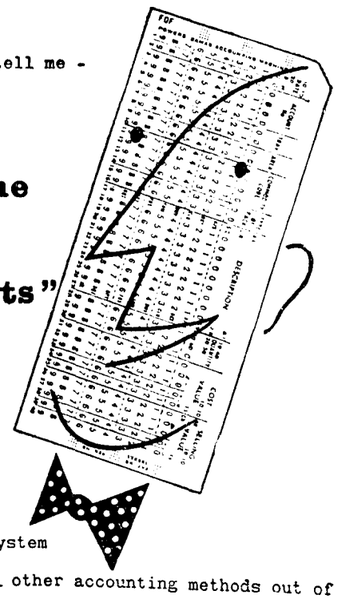
We will continue this History of Our Own Times next week.

OWEN LATTIMORE

In the light of the comments of Mr. Sita Ram Goel and of Mr. Edgar Mowrer, I propose at some future date to offer a re-assessment of the case of Mr. Owen Lattimore. In the meantime, I note that US justice has once again taken the view that the Public Prosecutor has failed to make out a prima facie case against Mr. Lattimore.

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A DELHI DIARY

I APPEAR to return from my absence abroad almost always as a thief in the night. There is no recent occasion on which I have not arrived between midnight and seven in the morning. I expect arriving at this hour one has a guilty conscience even when one has not (as unhappily I have!) neglected one's duty for some time. I do feel that an absence of one month from 'The Eastern Economist' is a heinous crime in itself, and while I might claim that my time was profitably used elsewhere, I owe to the generous readers of this page another profound apology. I do this with great humility and promise faithfully not to absent myself from this city for a long time to come.

THE SOFT ANSWER

Returning to Delhi last Saturday I was confronted at once with the news of Mr. T. T. Krishnamachari's resignation. I have been informed that 'The Eastern Economist' is delivering itself pontifically on this matter. But I still feel it appropriate for me to say my humble piece. I have known Mr. Krishnamachari for some years and as a diligent follower of events in Parliament—and in the old Constituent Assembly—I feel I have a special word to say on one or two points which might escape the practised commentator. I remember in particular once when an angry member of the House of the People complained that T. T. K. did not know what hunger was, how disarmed the eloquent member was with T. T. K.'s reply. It was simple and direct. He did know what hunger was, for, on that particular day until 3 in the afternoon he had had no food at all, and at that hour he was being kept from a cup of tea and two biscuits by the importunate member. The member was duly deflated and, as I remember, although the subject of debate now escapes me, T. T. K. got nimbly away.

He got nimbly away on many things, being a practised debator who could always raise a suitable smokescreen to conceal his real movements. But, by and large, he never evaded an issue and sometimes declined unwisely to raise the wordy mist which he could so skilfully use. As a member of the drafting committee of the Constituent Assembly he could use words with rare precision, and much of his success as Minister of Commerce and Industry I attribute to the fact that he thought clearly while some of his colleagues saw everything in a haze.

The present crisis is, to my mind, a reflection in part of this capacity of T. T. K. to see things clearly. He is very suspicious of idealistic language although in a spacious way he is an idealist himself, impatient with the slow progress which he believes we are making. I believe he may be mistaken in the very clarity with which he sees an industrialised programme with every step taken with a view to some precise objective two, three or five years ahead. But there is no doubt that his forward thinking has helped spacious planning in the last few months.

THE MAKER OF THE STEEL TARGET

Let me give an example which at this moment has the highest topicality. This is the target for steel. It was barely six months ago that T. T. K., in what appeared to be a shot in the dark, described our steel target for 1961 as six million tons. Today, barely six months after the figure was first mentioned, I see a reference to this target in the communique issued by the Production Ministry on the Indo-Soviet Steel Programme which runs as follows:

"With the conclusion of this agreement further headway has been made towards implementation of the Government's policy of creating a production capacity of six million tons of steel during the second Five-Year Plan."

Will the Ministry of Production recognise that it owes this target almost entirely to the imagination of the man who as a result of this crisis will not now hover over them as a presence, making them uncomfortable by the force largely of clarity of mind?

THE INDO-SOVIET STEEL AGREEMENT

There was signed on Wednesday a notable agreement between the Government of India and the Union of Soviet Socialist Republics on the setting up of a new steel plant. On the Soviet side the agreement was signed by Mr. M. A. Menshikov, the Soviet Ambassador in New Delhi. Mr. Menshikov has transformed the approach of the Soviet Union to economic assistance to India. There is no doubt that he has been the moving spirit behind the present agreement, and his great capacity and understanding have helped negotiations to be concluded in what must be considered to be record time. The unanimous feeling in New Delhi is one of great satisfaction, and the general opinion is that the terms are more satisfactory than those of any previous agreement of this kind.

While the agreement is to be warmly welcomed, it is not realised yet what it amounts to in detail in comparative terms. For example, the payment for consultancy service seems Rs. 2.5 crores against only Rs. 2 crores to be paid to the Krupp-Demag Combine. Secondly, while a figure of Rs. 43 crores has been mentioned in Article XI as the probable cost f.o.b. plant, machinery and equipment (excluding a sintering plant, whatever that may be!) this figure is by no means comparable to the German quotation which was c.i.f. (instead of f.o.b.!) and included many items such as the preparation and planning of a township which the Russians have explicitly excluded. Rough calculations now being made suggest that the Russian offer is not more attractive than the Hindustan Steel proposition except possibly in respect of the deferred payments in twelve annual instalments.

It is, perhaps, inappropriate to expect the Indian public to appreciate technical differences of this kind so as to enable a proper comparison to be made. I have been busy since Wednesday evening contacting all the (scarce!) steel experts that I can discover in New Delhi in order to prepare a comparative table to indicate whether the Russians are likely to give us better value than the Germans in their new steel plant. The answer that I can provide at the moment is that they are very similar in total investment and where there is difference, it is explained by the difference of equipment ordered. For example, the Germans are putting in a continuous strip mill which is obviously much more expensive than a continuous billet mill which the Russians have included. I am far from being clear on the problem yet and I therefore summon 'The Eastern Economist' to produce the necessary data in a Special Article next week.

Meanwhile, may I say that the sudden interest in steel is largely political? Does this represent the Cold War in India or does it not? I would like my doubting friends to answer firmly whether they are satisfied that the Indian people are primarily interested in sintering plants, blooming mills, continuous strip mills and so on rather than in the fact that our two major consultants to date are on different sides of the Cold War? I pause for a reply.

ARGUS.

THE WORLD ABROAD

SOCIALISM: THE IMPASSE IN THE WEST

[Mr. G. D. H. Cole, the noted exponent of Socialist doctrine and method, has surveyed "The Future of Socialism" in two recent articles in the "New Statesman and Nation". The following extracts from the first of his articles, beginning at the point at which the Third International parted ways from the other Social Democratic parties after World War I, are significant for their great candour.—Ed.].

At this stage, Russia and the Comintern stood clearly for internationalism, and Western Social Democracy for national policies of social reform adapted to the conditions of each separate country. But before long the situation drastically changed, as the Russians had to give up their hopes of speedy revoultion in the West and to settle down to making what they could of their own survival in face of foreign intervention and civil war. Stalin became the apostle of "Socialism in One Country"; and the Comintern, for as long as it was allowed to continue, ceased to be truly international and became an agency for the promotion of Russian interests, basing its activities on the dogma that whatever was good for Communist Russia must be good for the proletariat of the whole world. In the Communist camp, Russia came first and the rest nowhere—until, after 1945, the arrival of Communist China compelled the Russians to begin thinking again. Meanwhile, in the West, the rise of substantial Communist Parties in Weimar Germany and in France and Italy, and to a less extent elsewhere, destroyed the working-class unity which had been a postulate of Social Democratic policy and therewith removed all hope of the constitutional Socialist "revolution" through electoral victory. Only Great Britain and the Scandinavian countries avoided this outcome through the weakness of their Communist movements. Elsewhere, the most that could be hoped for was that the Socialists would be able to play some effective part in parliamentary conditions that would yield, not Socialism, but some instalments of the Welfare State. In these circumstances Socialism, even nationally, had to take a back seat, and internationalism was virtually ruled out altogether in most of Europe.

There remained the Scandinavian countries and Great Britain, in which the Socialists were still in a position to hope for electoral success that would give them the power to put a moderate Socialist policy into effect. The chance came first to the Swedes, then in the other Scandinavian countries, and latest of all, in 1945, in Great Britain. In all these countries Labour or Social Democratic Governments were able to carry through considerable developments of social welfare, within the limits set by the need to do nothing that would interfere seriously with the continued functioning of capitalist business. They were able to tax their wealthy classes to establish a large measure of social security, and to extend in some degree the intervention of the State in the planning of economic development.

These were real achievements, much more notable in their effects than the limited measures of nationalisation which accompanied them. But in each case where the Socialists won political power by constitutional means, an impasse was reached when they had put their immediate programmes into effect. The improvements which they had brought about in social conditions, far from making the majority of the electorate eager to advance to full Socialism, made a large section of their more lukewarm supporters, among the workers as well as in other classes, less discontented with things as they were and less disposed to face the risks involved in supporting thoroughgoing Socialist policies. Moreover, in Great Britain especially, but also in Scandinavia, the sense of international insecurity, which measures of domestic social security could not remove, and that of dependence on the immensely powerful capitalist economy and military potential of the United States, put venturesome policies at a very serious discount.

It became an axiom among Socialist as well as other politicians that there must be no breach with the Americans, for both economic and political reasons; and the belief in the indispensability of the Atlantic alliance came to be an important factor in the modification of Socialist policies and in the conversion of trade union leaders to a "pressure-group" conception of working-class action based on imitation of the non-Socialist trade unions of the United States. These tendencies were aggravated by the presence of Communism, even where it was not a strong political force; for the pro-Russian activities of the Communists had the effect of exposing every sort of militant activity to a Communist taint and of driving the Social Democratic and trade union leaders further Rightwards than they would have wished to go, had they not been forced into an alliance with anti-Socialists on the international political front.

* * *

All this is clearly no accident. It is not that the Socialist leaders have wantonly and without cause abandoned their Socialist aspirations, or at any rate postponed them to an indefinite future. They have realised that not enough of the electors want Socialism to return a really Socialist Government to power; and, with this, many of them have ceased themselves to want Socialism. How can they, as good democrats, want what they feel a majority of the voters will refuse to support? They are professedly democrats first and Socialists only afterwards, and subject to democratic consent. Their task as politicians, as they see it, is not to design Utopias or plot revolutionary coups, but to beat the Tories by rallying a progressive majority behind them.

In order to win such a majority, they must combine the promise of more social welfare with reassurance to the fearful that they will neither dislocate the economy (by making capitalism unworkable) nor risk upsetting the Atlantic alliance (by offending the United States). They can, indeed, try to exert a restraining influence on American anti-Communist policy; but in the last resort, when the Americans insist, they must give way. Moreover, even in home affairs, they must limit themselves to measures that do not cost a great deal, because there is not very much more that can be extracted from the rich without knocking away the foundations of capitalist enterprise—and this can be risked only if it can be immediately replaced by Socialist institutions they have no prospect of getting an electoral mandate to set up, even if they knew how to do so.

The politicians clearly cannot be expected to state these unhappy truths; for to admit that they are truths would involve a confession of their own bankruptcy. But they cannot escape a growing recognition by electors that they have but little to offer and that Socialism forms no part of their immediate plans. In terms of immediate electoral prospects, no doubt, the present policy of "No Socialism" probably pays better than a Socialist policy would pay; but I doubt if it will pay well enough to put the Labour Party back in office unless the Tories do something outrageously silly. Moreover, even if it did put the Labour Party back, what could a Labour Government do except so disappoint the electors as to ensure a speedy return to opposition?

SPECIAL ARTICLES:

THE TREND OF AGRICULTURAL PRICES

THE recent drop in food prices, which has been the cause of increasing concern, has not yet been set out in adequate perspective. There is, in fact, in every year a significant seasonal drop in prices due to what has been traditionally called the harvest glut. There are both short period and long period factors, however, in the present drop in prices. It is obvious that the large production of food grains in the year 1953-54, some of which has been held in stock, is beginning to flow over. There is indeed a marked tendency to dishoard at the present time, which the decline in prices has accelerated. If this situation should be accentuated by a further drop in prices, the situation may well become critical.

Because there are in the present situation some slight possibilities of a further substantial drop (in view of speculative elements, recognising that production in cereals is never likely to be short in the next few years largely because of the expansion of irrigation) the current situation should not be dismissed entirely as a seasonal one. The table below which shows the lowest figures for cereal prices in 1951, 1952, 1953 and on January 8, 1955 indicates that the latest figure is the lowest on record in the last four years. These are in fact also the lowest figures for the last seven years. There is no doubt that in the last year the terms of trade, which in the previous six had been so favourable to rural areas, have begun to turn.

Now that the terms of trade are turning against the agriculturist, those who have advocated lower agricultural prices, if necessary by food subsidies, are beginning to recognise that the wind is blowing strongly enough in the opposite direction for serious consideration to be given to agricultural price support. There is no need for alarm at the present time, but there is enough, and more than enough, reason for a close watch to be kept on the course of prices and for a policy of price support in an emergency to be given final form and shape. It is sincerely to be hoped that such a policy will be conceived in detail in readiness for a possible emergency.

WHOLESALE PRICES

(Base: Year ended August 1939 = 100)

	Weekended Jan. 6, 1951. (Lowest for 1951)	Weekended Mar. 15, 1952. (Lowest for 1952)	Weekended Jan. 3, 1953. (Lowest for 1953)	Weekended Jan. 8, 1955	Percentage increase (+) or decrease (—) in weekended Jan. 8, 1955 as compared with Jan. 6, 1951	Percentage increase (+) or decrease (—) in weekended Jan. 8, 1955 as compared with Mar. 15, 1952	Percentage increase (+) or decrease (—) in weekended Jan. 8, 1955 as compared with Jan. 3, 1953.
I. **Food Articles**	413.1	355.2	348.0	312.0	—24.5	—12.2	—10.3
Cereals	488	438	431	347	—29.9	—20.8	—13.2
Pulses	504	391	575	233	—53.8	—40.4	—59.5
Others	292	200	211	277	— 5.1	+38.5	+31.3
II. **Industrial Raw Materials**	547.8	382.8	425.4	437.4	—20.1	+14.3	+ 2.8
Fibres	502	379	398	467	— 7.0	+23.2	+17.3
Oilseeds	722	370	479	383	—47.0	+ 3.5	—20.0
Minerals	404	466	466	435	+ 7.7	— 6.6	— 6.6
Others	499	360	372	475	— 4.8	+31.9	+27.7
III. **Semi-Manufactures**	355.8	339.0	343.1	345.3	— 3.5	+ 1.9	+ 0.6
Leather	455	341	411	383	—15.8	+12.3	— 6.8
Mineral Oils	194	218	223	221	+13.9	+ 1.4	— 0.9
Vegetable Oils	716	376	436	410	—42.7	+ 9.0	— 6.0
Cotton Yarn	409	498	437	452	+10.5	— 9.2	+ 3.4
Metals	186	201	229	240	+29.0	+19.4	+ 4.8
Oilcakes	510	403	396	315	—38.2	—23.7	—20.0
Others	337	286	251	331	— 1.8	+16.0	+31.9
IV. **Manufactures**	353.2	376.6	367.0	374.7	+ 6.1	— 0.4	+ 2.1
Textiles	406	424	401	418	+ 2.9	— 1.4	+ 4.2
Jute	561	479	389	450	—19.8	— 5.9	+15.7
Cotton	353	410	406	411	+16.4	..	+ 1.2
Rayon and Silk	690	443	440	455	—34.1	+ 2.7	+ 3.4
Woollen	329	388	280	310	— 5.8	—20.0	+10.7
Metal Products	276	311	342	340	+23.2	+ 9.3	— 0.6
Others	275	301	290	284	+ 3.3	— 5.6	— 2.1
V. **Miscellaneous**	694.7	610.8	636.9	563.1	—19.9	— 7.8	—11.6
All Commodities	412.8	364.9	374.7	365.0	—11.6	..	— 2.6

REPORT ON LIGNITE

THE report on the exploitation of the lignite deposits in South Arcot discloses great potentialities of their utilisation on a multi-purpose basis. This first comprehensive survey conducted by Powell Duffryn Technical Services, a distinguished British firm of consulting engineers, under the Colombo Plan programme of technical co-operation, comes sufficiently in advance to complete certain corroborative investigations necessary to finalise a lignite project for inclusion in the second Five-Year Plan. A Project Co-ordinating Committee has been appointed by the Government of India, in pursuance of the suggestion of the technical consultants. Precise shape can be given to the project in the light of the additional findings of this Committee.

The time limit of six months prescribed for the preparation of the technical consultants' report could not admit of a full assessment of the nature and extent of the lignite reserves. Prospecting operations conducted during the last eleven years have revealed the possibility of the existence of the lignite deposits over an area of 100 square miles in the South Arcot district of Madras. Specific operations carried out on an intensive scale by the Lignite Investigation Unit of the Department of Industries, Government of Madras, have established the suitability of a selected belt near Neyveli covering an area of 5¼ square miles with reserves which are reckoned at 200 million tons. The positive merits of the reserves in the Neyveli area, in relation to the rest of the region extending over 85 square miles, are the superior ratio of lignite to the overburden and the greater height of the lignite horizon above sea level which would go to reduce the difficulties of controlling ground water. Since this assessment is based on the sinking of only one shaft, supplemented by 160 boreholes drilled under the direction of the Lignite Investigation Unit, further comprehensive data are essential for formulating a big project which would absorb an outlay running into anything from Rs. 29 crores to Rs. 85 crores. It will be the assignment of the Project Co-ordinating Committee to undertake this valuable investigation in the entire known lignite area of 100 square miles.

The technical report which has been drawn up in elaborate detail, on the basis of the most conservative estimate of the potential reserves, must, however, continue to serve as a guide for the ultimate scheme. The probable indications are that a much more ambitious form can be given to the project either from the start or at a later stage. This report has been conceived on a broad scale and offers four distinct schemes for formulating the project according to the choice of the purposes for which lignite deposits are to be utilised. The first scheme is restricted solely to the generation of thermal power, while the second scheme, which is capable of three different variants, offers utilisation of the reserves for thermal electricity as well as nitrogenous fertilizers. The third scheme is much more comprehensive in its exploitation potential and brings within the reach of availability supplies of electricity, chemical fertilizers, briquettes for use as domestic and industrial fuel, as well as three valuable products—motor spirit, tar and phenol. The fourth scheme is the most ambitious of all and offers, in addition to the benefits envisaged in the third scheme, synthetic oils by the Fischer-Tropsch Plant. The decision must of course rest on the choice of a multi-purpose project which would secure the advantages of integrated plant operations at a cheap cost and satisfaction of a wide range of industrial and agricultural requirements. The high water content of the lignite emphasises the need of processing at the source which makes Neyveli the most obvious location for the plant. For this very reason, the method urged for adoption is the open-cut mining method.

The case for a multi-purpose project is easily argued. In the order of priorities of the products and uses offered by the third project, electricity ranks as first. The power potential of the Madras grid system is precariously balanced at present with supply from the four hydro-electric stations situated at Pykara, Moyar, Mettur and Papanasam and the two thermal plants at Madras and Madura. Hydro-electric power has its benefit of cheap production cost, but even after the completion of the Periyar and Kundah hydro schemes, the need for eliminating possible violent fluctuations due to shortage of water in the reservoirs must subsist. Thermal electricity would restore a reasonable measure of stability in power supply and recent experience of scarcity underlines the urgency of building up reserves that would be free from the vagaries of the rains. The special merit of a thermal plant at Neyveli will consist in utilization of cheap low grade fuel at the source and the location is favourably situated for load development in Madras State. An additional supply of 80,000 K.W. of power will be acquired by the grid. The unit cost of generation at Neyveli under the first single-purpose scheme is placed at As. 0.79 and at As. 0.48 under the last multi-purpose scheme. It compares with the cost of As. 0.29 at Pykara and As. 1.09 at Madras.

The present supplies of Madras State in respect of coal imported from Bengal and Bihar are of the order of 2 million tons, which, however, fall considerably short of the actual requirements. Of these 2 million tons, 1.28 million tons are consumed by the railways which cannot be substituted by lignite briquettes in view of the extensive adjustments that will be imperative in locomotives for a switch-over in the type of fuel. But in so far as stationary boilers and furnaces are concerned, the modifications involved in the plants will be minor and here cheaper fuel from lignite can be substituted without any risks whatsoever to plant efficiency. The consultants' conclusion indicates with confidence that 475,000 tons of raw lignite briquettes can effectively replace 400,000 tons of imported coal. In addition to this replacement, the use of costly charcoal for domestic purposes and motor buses is perfectly capable of being substituted by smokeless processed lignite briquettes. Wood fuel in domestic consumption also renders itself amenable to replacement by lignite briquettes on the score of cost. On the assumption that at least six per cent of the present domestically consumed fuels can be shifted immediately to lignite processed fuel, the report allows for production of 300,000 tons and about 50,000 tons for buses and freight trucks. The most economic briquetting plant has an annual capacity of 714,000 tons which is also the capacity assumed in the estimate for the plant at Neyveli.

A plant for the production of nitrogenous fertilisers at Neyveli need not aspire to absorb the entire local market. even assuming that its installed capacity will be fixed at 200,000 tons. A plant with a capacity of 100,000 tons is considered as an economic unit. The present consumption of ammonium sulphate in Madras State is placed at 75,000 tons per year and in Andhra State at 100,000 tons. There is no room, whatsoever, for doubt about the rapid expansion in the utilisation of chemical fertilsers in this country and it would be a safe proposition to allocate an additional fertiliser plant for the South. The report takes into account the possibility of use of Trichinopoly gypsum as a raw material and alternatively it makes independent estimates for imported gypsum or sulphur. The cost of production of ammonium sulphate at this plant is put at Rs. 244-12 per ton.

The current consumption of liquid fuels in Madras State is estimated to be 91,000 tons of furnace oil, 12,000 tons of diesel oil and 20,500 tons of motor spirit. Excluding the Fischer-Tropsch-Synthesis plant, as has been done in the third scheme, production of motor spirit will amount to 6,400 tons. In the most ambitious of these plans—the fourth scheme—production of synthetic liquid fuels will create a surplus over the requirements of Madras State. Besides, the price factor will inevitably raise difficulties in competitive sales.

It is obvious that the choice for the pattern of this project must lie between the third and fourth schemes, if the benefits of integrated production in one unified undertaking are to be secured. With the known reserves of 200 million tons of lignite at Neyveli, utilisation of over 3 million tons per year would keep the project in operation for about 60 years, but an annual rate of consumption of 6 million tons as envisaged in the fourth scheme would reduce its life by half. Apart from this consideration (which is not necessarily basic to the scheme in view of the pending assessment of the reserves in the neighbouring region of 85 square miles), the manufacture of synthetic oil production, implying high costs, is not finally and categorically accepted as a principle of policy by the Government. The relative merits of lignite and superior coal for production of synthetic oil require careful scrutiny and investigation. It may, therefore, be assumed that the third scheme will emerge as the final choice. As against capital investment of Rs. 85.40 crores required under the fourth scheme the outlay on the integrated plants under the third scheme will be of the order of Rs. 58.30 crores only. The physical factors in terms of this scheme are interesting. The annual consumption of lignite for the plants is estimated to be 3.27 million tons. The thermal plant (with a capacity of 211 MW) will give 995 million units of electricity. The output of ammonium sulphate is fixed at 2 lakh tons. The low temperature carbonization plant will secure 330,000 tons of carbonized briquettes and 43,000 tons of char dust capable of metallurgical use. The remaining output comprises 6,400 tons of motor spirit, 51,300 tons of tar and 1,032 tons of phenol.

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RUBBER MANUFACTURERS OPTIMISTIC

A very optimistic picture of the outlook for the rubber manufacturing industry in this country was drawn by Mr. Cecil Stack in his address to the annual meeting of the Association of Rubber Manufacturers in India at Calcutta. It is an admitted fact that production of raw rubber has not been keeping pace with the constantly increasing internal demand and, as Mr. Stack observed, the rubber manufacturing industry will gain added importance with the expansion of India's economy and the emphasis upon industry in the second Five-Year Plan. Already, he pointed out, new projects in operation had made possible the manufacture of a variety of rubber goods such as conveyor belting, long braided hose and rubber flooring.

Reflecting the increase in natural rubber consumption in most importing countries, are figures in respect of the United States—the biggest rubber consuming country in the world—which, for the first 11 months of 1954, consumed 542,622 tons as against 511,073 tons during the corresponding period in 1953. According to the U.S. Department of Commerce, the final results for 1954 will show raw rubber consumption at least 40,000 tons ahead of the 553,473 tons used in 1953, and 140,000 tons ahead of the 454,000 tons used in each of the years 1951 and 1952.

The following table illustrates the annual shortfall of natural rubber in our country and lends credence to Mr. Stack's view that the gap between supply and demand is likely to continue:

1949-54 (In tons)

	1949	1950	1951	1952	1953	1954 (Estimates)
Production	15,587	15,599	17,148	19,863	21,136	22,000
Consumption	19,192	17,735	22,427	21,061	22,373	25,000

If foreign dependence is to be avoided, the best possible way of filling the gap will be for the Government and the Rubber Board to take measures to encourage long-term plans for replanting with high-yielding strains, as well as to aid small-holders to modernise their methods and thereby raise output and quality. It is encouraging to know, in this connection, that the Indian Standards Institution has been working out proper standards which should prove helpful to rubber growers. Mr. Stack has rightly laid stress on the importance of producing quality rubber goods and eliminating shoddy articles which lower the industry's standards.

The control price of raw rubber has practically remained at Rs. 138 since October 1952 and, as Mr. Stack felt, this rate has lent a measure of stability to the market in contrast to the wide fluctuations in prices in the Singapore market. Singapore prices fluctuated between a minimum of Rs. 84 per 100 lbs. in March 1954 and a maximum of Rs. 142 at the end of December, 1954.

The following table shows control prices of raw rubber in India since 1947:

(In rupees per 100 lbs. f.o.b. Cochin)

	Maximum	Minimum
1 - 4 - 47	78 0 0	
8 - 10 - 47	72 0 0	
	Maximum	**Minimum**
1 - 1 - 48	73 8 0	72 8 0
8 - 6 - 48	79 8 0	78 8 0
1 - 11 - 48	91 8 0	90 8 0
1 - 1 - 49	90 8 0	89 8 0
7 - 3 - 51	122 8 0	121 8 0
21 - 5 - 51	128 0 0	127 0 0
28 - 10 - 52	138 0 0	137 0 0

EUROPEAN JUTE EXPORTS TO AMERICA

Popular belief has always identified the U.K., with its old and established jute industry, as the existing as well as potential major competitor to India in the race for the burlap market in the U.S. This assumption needs to be revised in the light of the trends in the exports of jute goods from different European countries to the U.S. in the post-war period. The Economic Research Section of the Indian Central Jute Committee which has been investigating this problem has disclosed in its annual report for 1953-54 that, among the European jute exporting countries, France, Belgium and Germany have developed a progressive jute industry and those are the countries which are offering keen competition to India in recent years in the American market. It has, therefore, urged that India should undertake a comprehensive and objective study of the methods used in these countries for the production of jute goods as well as their marketing in the U.S.

The trends in European jute exports to the U.S. as established in this investigation bear brief narration. In the pre-war period of 1934-39, Europe's average annual share in the total U.S. imports of burlap was 13.2 per cent. During the war it was reduced to 2.8 per cent. Recovery in the initial post-war period was slow with an average annual share of 3.6 during 1946-49. The tempo of recovery, however, was suddenly pushed to 13 per cent in 1950 and in the succeeding years the drive for exports was intensified with the result that the yearly average rose to 17.3 per cent for the period 1950-53 as against the pre-war 13.2 per cent.

The Indian jute industry cannot overlook the impact of the competition from these expanding sources. Taking 1953, the latest full year for which statistics could be obtained, as indicative of the more recent trends, Europe's combined share in the total U.S. imports of burlap stands as high as 23 per cent.

A breakdown of the combined European jute exports into the shares of individual countries shows in what direction the pattern of this trade is changing. Of the total exports of jute from all the exporting European countries to the U.S., the average annual share of the U.K. for 1934-39 was the highest at 43.3 per cent. In 1950 it was reduced to 9 per cent and in 1952 it dropped still lower to 4 per cent. Czechoslovakia, which was the second biggest exporter in the region, with a pre-war share of 15.5 per cent, has practically gone out of the picture now. Italy's share declined from 12.2 per cent in the pre-war to 4 per cent in 1952. Belgium came next in the order of pre-war exporters and her average annual share for the period of 1934-39 was 12 per cent. Germany's pre-war share for this period was 8.5 per cent. The results published in the annual report of the Economic Research Section of the Indian Central Jute Committee do not give separate figures of the burlap exports from West Germany (it is apparent that East Germany has faded out of the scene in the post-war period) and Belgium. But the combined share of Belgium and Germany registered a spectacular increase to 52 per cent. From a combined pre-war share of 20.5 per cent for Belgium and undivided Germany to the present share of more than half of Europe's total exports is indeed a very big stride. It should bring home to Indian jute interests precisely the potential quarters from where effective competition for the dollar market is coming.

The biggest surprise has been offered by France. In the pre-war export trade no separate note could be taken of her existence and even in the residuary share of minor exporters of 8.5 per cent during 1934-39 her share was virtually negligible. She stood aloof from the export market right up to 1950. But when she re-entered in 1951, she captured not less than 13 per cent share in the aggregate European jute exports and took the third rank in the order of importance. She pushed her trade apparently aggressively until she acquired the top position in 1953 with an individual contribution of 30 per cent to the total European exports.

This changing pattern of the European jute industry drives deep a vital lesson whose significance cannot be missed. That lesson underlines the emergence of smaller jute producing countries. It is not the bulk producers like Calcutta and Dundee who alone will count in the future world jute trade. The cumulative impact of the small pockets which are rising in several regions of the world is also a factor that will command recognition.

INCENTIVE FOR THE PRIVATE SECTOR

By

CROESUS

A forceful plea to the powers-that-be has been made by the Association of Indian Trade and Industry, (A.I.T.I.) Bombay, in its latest study—"Income-tax Rates Compared"—to consider the need to provide for the private sector adequate incentive to work, save and invest". In keeping with the trading of the Association's other studies, it is fully supported by a wealth of useful, comparative statistical data. One only wishes the study had been released prior to the drafting of its report by the Taxation Inquiry Commission, if only because the study has rightly and pertinently concentrated its attention on just those aspects of income-tax which have been arousing the keenest interest, such as taxation of dividend income in the hands of shareholders, taxation of bonus issues, depreciation allowances, etc. The points made out in the study would doubtless have been raised by quite a few who have tendered evidence before the Commission, but there is difference between orally placing one's views on such vital topics and reducing to writing and supporting them with comparative data from a number of other countries, as in this case. It is better late than never, and not to be outdone as an optimist by Mr. Tulsidas Kilachand, M.P., the President of the Association, let me hope that the objective factual analysis of the study will prove handy and useful to the Union Finance Minister in his none-too-enviable task of rationalising this country's tax system on the basis of the findings of the Matthai Commission. It is too much to expect that either the same or all the considerations as have weighed with the authors of the study weighed with the Taxation Inquiry Commission. For instance, the latter was specifically commissioned to make recommendations with a view to reducing inequalities of income and wealth; indeed, this formed the first question of the first part of the Questionnaire issued by the Commission. Even so, it must be presumed at least Dr. Matthai did not need to be told that rates of taxation in India, especially on persons in the high income group, have been confiscatory. Such rates, though helpful in mopping up private savings for the public sector in the first instance, eventually inhibit productive effort as well as the process of savings and investment. There is considerable force in the conclusion of the A.I.T.I. study that "what can be saved must be first produced, and confiscatory taxation discourages the productive effort that makes such saving possible". Again, the system of taxation of income in India levels down incomes causing considerable hardship to large middle class families, diminishing the capacity of the private sector to save and to invest directly out of its own savings, and substantially reducing the inducement to invest, especially in risky ventures. This last partly at least explains why the rate of fresh investment by the private sector under the first Five-Year Plan has been behind the original estimate, notwithstanding the fact that capital formation in India in 1953-54 was estimated at over nine per cent of the national income. The six broad conclusions of the study are as follows:

(i) The rates of tax on individual incomes between Rs. 1.50 lakhs and Rs. 10 lakhs are higher in India than in any other country covered by the study, except the U.K.

(ii) The rates of tax on individual income between Rs. 25,000 and Rs. 1.50 lakhs rise more steeply in India than in all other countries.

(iii) The allowances, rebates and reliefs allowed to persons are fewer in India than in most other countries, although this hardship is mitigated to some extent by low rates of tax on the lower ranges of income up to Rs. 25,000, in whose case such concessions are most significant.

(iv) The burden of tax on corporate income in India (43.4 per cent) is lower than in only three industrially advanced countries, namely, the U.K. (57.5 per cent), the U.S.A. (48.8 per cent), and Canada (44.2 per cent), and is higher than in other industrially advanced countries such as Japan (42 per cent) and France (34 per cent).

(v) The practice of calculating depreciation on the basis of the original cost instead of the replacement cost of fixed assets in the background of severe inflation had led to the overvaluation of the real profits of old concerns, and, consequently, to overtaxation, which has caused extensive erosion of capital in the old industries. The present system of providing accelerated depreciation only defers, but does not extinguish, tax liability, and, as such, does not compensate for the erosion of capital that has taken place.

(vi) In India, there is no case, whatsoever, for taxing bonus shares. Firstly, bonus shares are issued against the capitalisation of undistributed profits that have already borne the tax. Secondly, neither do shareholders get cash or other benefits when they receive bonus shares, nor does the market value of their aggregate investment (original shares plus bonus shares) increase owing to the issue of bonus shares. Thirdly, any revenue income by way of profit received by shareholders on the sale of their holdings—including profit that may be attributed to a speculative price rise due to the issue of bonus

shares—is already being subjected to income-tax.

After pointing out the deficiencies of the taxation system, the study goes on to offer certain suggestions which include:

(1) Reduction of the rates of tax on individual income, especially for those in the Rs. 1.5 lakh to Rs. 10 lakh range of incomes who are required to pay more than in any other country covered by the study save the U.K. (The countries covered are the U.K., the U.S.A., Canada, Australia, South Africa, Japan, France, Sweden, Brazil, Egypt, Norway, Argentina and Switzerland);

(2) Introduction of family allowances and increase of those for earned income relief, life insurance premiums, etc.;

(3) Carrying back of losses and permitting losses from one source of income, carried forward or back to be set off against income from any other source;

(4) Reduction of the present rates of tax on corporation income, as these are too heavy for a developing economy such as ours, introduction of the provision for non-distribution relief, and extension of the limit of profit retention by private companies; and

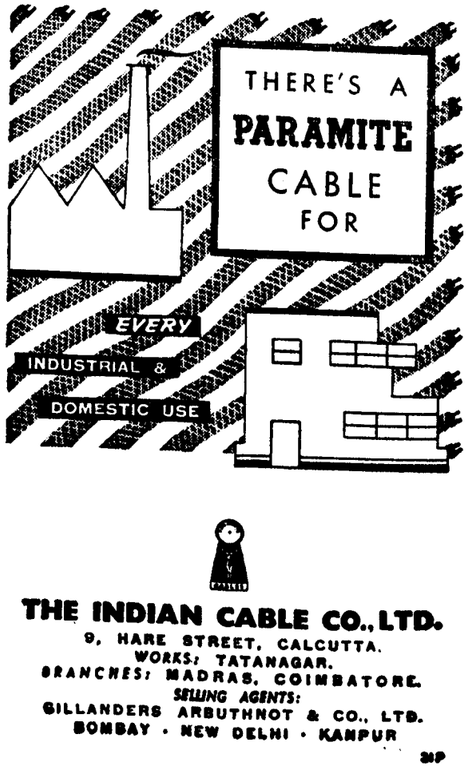
(5) Conversion of initial depreciation allowances into investment allowances to compensate for the capital erosion that has occurred in the past as well as to carry out replacement and modernisation programmes.

The Government of India may or may not accept these suggestions. But that these are sound and reasonable cannot be questioned. One at least of these suggestions has found support from no less distinguished a quarter than the "Economist", London. Although the journal seems to feel that "higher taxation of business profits needs to be cautious since it entails the risk of decreasing the source of private saving," it advocates "higher corporation taxes, coupled with generous initial allowances on new capital investment" and argues that such "might mobilise industrial saving".

Probably the most striking observations in the study are those relating to depreciation. Once again, the A.I.T.A. reverts to its favourite thesis of capital erosion in Indian industries and establishes that there is only one way of stopping this, namely, an immediate revision of the existing practice of calculating depreciation on the basis of the original cost. No amount of words can bring out the unsuitability of this practice to conditions prevailing in India than the telling example given by the study. Thus replacement of machinery purchased by a company in 1939 for Rs. 10 lakhs, according to the study, would cost about Rs. 30 lakhs in 1954. Assuming that the entire original cost is written off, the company would have as depreciation reserve, under the present practice, only Rs. 10 lakhs, while the remaining Rs. 20 lakhs would have to be found from other reserves. And, in order to set aside free reserves to this extent, the company would have to earn additional profits of Rs. 53.5 lakhs (that is, over the period 1939-54) so that, after payment of tax amounting to Rs. 33.5 lakhs, there might be left the required balance of Rs. 20 lakhs. All this merely to keep the capital intact, not to effect any expansion, let alone distribute dividends.

We have no reliable data on capital formation. This is not surprising when even in the U.K., accurate information on the subject is unavailable to this day, as an article on the subject in the latest issue of the "Economist", London, discloses. Incidentally, according to this article, which is based on a paper read a few days ago by Mr. Philip Redfern to the Royal Statistical Society, "depreciation at replacement cost in the years 1948-1952 was nearly twice the depreciation at original cost (under the straight-line method). This may be presumed fully to corroborate the contention of the A.I.T.I. study that between the years 1939 and 1954 the difference between depreciation at replacement cost and that at original cost must be about three times.

Granting the thesis as above, what is the solution? There are three solutions to which the study refers, namely, the method of accelerated depreciation of new machinery, revaluation of old assets, and conversion of the initial depreciation allowance into investment allowances. In the opinion of the authors of the A.I.T.A. study, the measure most suitable to India is "the conversion of the present 20 per cent 'initial depreciation allowances' into investment allowances, as has been done in the U.K., so that industries may be partly compensated for the capital erosion they have suffered due to fiscal errors". In the early post-war years, the U.K. too had "initial depreciation allowances", which the late Sir Stafford Cripps introduced when he was Chancellor of the British Exchequer, but this has since been replaced by "investment allowances" introduced by Mr. Butler, the present Chancellor. If the private sector is to play the vital role in the sphere of industrialisation it is expected to do under the second Five-Year Plan, it must be enabled to do so by the provision of suitable incentives to work, save, and invest. The authorities cannot now say they were not apprised in time of these.



BUSINESS NOTES

AN UNCONVINCING CASE

A meeting is reported to have been fixed early next week at New Delhi between the Transport Minister of Punjab and the Union Railway Minister for negotiations over the contribution to the additional capital required for the next phase of the nationalisation of motor transport services in the State. From the available information it appears that at the present time roughly 200 out of the 275 routes are run by private operators, while 75 routes are managed by Government-owned services. The State Government is said to have a proposal under active consideration for taking over more routes so as to raise the number of State-operated routes to about 120. Private operators whose routes are to be nationalised have rejected the offer of 40 per cent shares in capital to be invested in the services on these routes. The State Government, however, appears to have made up its mind to override the opposition and tide over the difficulty by raising the share of the railways in the capital of the projected nationalised services from 20 per cent to 40 per cent. The object of the next week's negotiations is stated to be to pursuade the Railway Ministry to accept this higher allocation of capital.

The amount of capital which the State Government seeks to obtain from the railways is modest, but the size of the amount is not the material issue in this dispute. In view of the fact that the major part of the State's road transport is being efficiently managed by private operators, there is no case for extension of nationalisation, particularly in the light of the caution uttered by the Planning Commission. In a recent broadcast, the State's Transport Minister is reported to have stressed the fact that the profit derived by the Government from the nationalised road services will be stepped up from the current figure of Rs. 10 lakhs to Rs. 19 lakhs after the projected next phase of nationalisation. This certainly cannot be in the least a justification for State encroachment in the sphere of a public utility undertaking. Provision of cheap rates and fares as well as efficient service are the accepted tests for nationalisation of public utilities. On this count the Government-owned services in Punjab have not proved their superior merit. It would be only proper and reasonable if the Railway Minister uses his pursuasive influence to induce the Punjab Government to abandon a project for which it has not only a weak but utterly unconvincing case.

BANK RATE IN U.K.

The increase in the Bank Rate in the United Kingdom from 3 per cent to 3½ per cent was not unexpected. For some weeks past repeated warnings were being uttered about the implications of inflation that was in evidence and the advisability of raising the Bank Rate was urged. The Government was already preparing the market for a rise in the rate. Slightly tight conditions were deliberately encouraged in the short-term money market and the average rate for Treasury Bills at the last tender before the announcement of the new Bank Rate moved up to 2-1/64 per cent, representing a rise of 1/16 within the course of one week. The hardening of the short-term money rates could not fail to convey its moral. Anticipations of the increase in the Bank Rate were also indicated in the weakening of the prices of gilt-edged securities. One of the factors influencing the decision was obviously the renewed weakness of the sterling. It may be recalled here that in the third quarter of 1954 the upper limit in the exchange rate of $2.82 per pound was touched and further uptrend could be arrested by the action of the Exchange Control in selling sterling. The sterling touched the par value of $2.80 early in November and with continued downtrend it stood at $2.78½ at the beginning of January last. Renewed pressure brought it to $2.78⅜ in the London market in the third week of the last month. At this point precautionary action was taken to extend official support in the shape of purchase of sterling against dollars. The increase in the Bank Rate has been welcomed as a prompt measure to check the mild inflationary boom.

This change need not have any reaction on the Bank Rate in this country. Prices are pursuing a downward course in India and the real problem here is to prevent a further decline particularly in commodity and agricultural prices. The money supply is considered to be inadequate at the present time in the light of the marked increase in production and in the past few weeks the Reserve Bank has resorted to the technique of purchasing Government securities. Actually, this country is experiencing the signs of disinflation.

TEN-YEAR PROTECTION TO DYESTUFF INDUSTRY

In view of the basic importance of the dyestuff industry as one of the major heavy chemical industries in which this country has to make a great headway, Government has taken the special step to extend protection to it for a period of ten years. This decision has been influenced also by the complex nature of this industry. Government has accepted the Tariff Commission's recommendations to the effect that protection to the dyestuff industry should, subject to periodical reviews, be granted for a period of ten years ending December 31, 1964; that the prevailing revenue duty of 12 per cent ad valorem on fast colour salts, rapid fast dyes, rapidogen dyes and solubilised vat dyes assessable under the Indian Customs Tariff Item No. 30(1) should be converted into a protective rate and that the duty on 'Congo Red', acid azo dyes, direct azo dyes and sulphur black, which are assessable under the Indian Customs Tariff Item No. 30(13), should be raised to 20 per cent ad valorem and converted into a protective rate.

Another recommendation accepted by Government relates to the reduction of the standard rate of duty on certain specified intermediates used exclusively in the manufacture of dyes to 10 per cent ad valorem, the concession to remain in force for the present until December 31, 1955, when the position would be reviewed. Necessary notifications giving effect to the decision to accept these recommendations have been issued.

While effective cover is thus extended to the industry, its attention has been drawn particularly to the following recommendations: (i) Atul Products Limited should draw up a revised programme on a long-term basis for the manufacture of dyes and intermediates, incorporating detailed information on such points as the period required for implementing each phase of the programme, the scale of output, the prices and availability of raw materials, the extent of financial resources and technical assistance available, the probable cost of production of each item in relation to the current import cost and specific assistance, if any, required from Government. (ii) Similar programmes should be drawn up by other units for the manufacture of dyes and intermediates proposed to be manufactured by them. (iii) The manufacturers of dyes

should set aside substantial amounts for research and employ adequate staff of trained research workers.

The individual units are advised to forward their detailed programmes of production to the Chief Industrial Adviser, Ministry of Commerce and Industry (Development Wing), New Delhi, as early as possible, and, in any case, by February 20, 1955, at the latest.

INDUSTRIAL FINANCE CORPORATION FOR U.P.

The Industrial Finance Corporation for Uttar Pradesh was formally inaugurated at Kanpur on January 31 last. The organization of a country-wide network of these State Financial Corporations has been urged by the Planning Commission as a matter of great importance to assist in expanding the provision of finance for small and medium scale industries in the country. The Commission has even gone a step further in pressing that where early formation of these corporations is not feasible owing to the backward condition of the economy of the region, the Centre's assistance should be invoked. This emphasis indicates that the Commission attached great importance also to the time factor. Uttar Pradesh, of course, was expected to act promptly in this matter. It is, however, coming into the picture at a belated stage.

The reasons for this delay are difficult to understand. In view of the resources of the State and the very modest size of the capital investment required for the Corporation, no impediments should have been imagined in setting up the Corporation earlier. The authorised capital of the Corporation is Rs. 3 crores and out of the 50,000 shares which are initially issued one-third are to be subscribed by the State Government. The remainder will be allotted to the Reserve Bank and financial institutions in the State. Considering the large area of the State and the pressure of demand for financing the long-term needs of small industries which are poorly served in this respect, there should be no difficulty in putting the resources of the Corporation to fruitful use. The contingency of funds lying idle, as in the case of some State Financial Corporations, can be avoided by flexible administration of the Corporation's transactions.

AFTER-SALE SERVICE OF TRACTORS

Looking at the gist of the recommendations of the Committee on Servicing of Tractors, its investigations seem to have pursued a leisurely course over a period of two years. The concrete benefit which this enquiry has brought to users of tractors follows the anticipated lines and it is certainly of great value. Importers of diesel and other types of tractors have been placed under an obligation to maintain adequate stocks of spare parts and to make them available through the agency of dealers or distributors at convenient headquarters in areas according to the scale of sales at fair prices within reasonable time. In the case of future sales a guarantee of after-sale service has been appropriately laid down as an integral part of the contract. The guarantee of free replacement of defective parts noticed within six months of sale may raise complicated questions in certain cases of responsibility for the occurrence of defects. It is, however, quite legitimate to expect the first three services free of charge and this has been provided. In view of the great inconvenience frequently resulting from lack of servicing facilities, it is imperative that provision of those facilities on a voluntary basis should be reinforced by an element of obligatory liability to prevent any disinclination to the wider use of tractors.

The terms of reference imposed certain impracticable tasks on the Committee and in consequence its recommendations have failed to carry any substantive meaning. The attempt to evolve a pattern of rigid and controlled rates for servicing items and of prices for spares was bound to end in vague generalisations. The Committee has widely recognized the necessity of retaining flexibility in the projected pattern. Similar considerations apply to holding stocks of spares and the Committee has done well to fix a sliding scale for this purpose declining with the intensity of sales. No less than twenty-five different makes of tractors of varying horse power at the draw bar are in use in this country and a limited number of new makes ought to be allowed in the interest of suitability under Indian conditions and maximum utilisation. But in order to keep the types and makes within reasonable limits, a central testing station to test each make is necessary. Its establishment has been delayed already. It will be inequitable, and also impracticable, to cast any heavy obligation on importers to provide facilities for technical training in driving and servicing. In this essential requirement the Union Ministry of Labour ought to bear the largest share of the burden.

It was odd to ask a committee on after-sale servicing to tender expert advice on the possibilities of starting the manufacture of tractors and their parts in the country. It is certainly of interest to know how far the Committee's recommendation has left the Government wiser. Says the Committee: This very important matter should be examined at the appropriate level by the Ministries concerned.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION

The Industrial Credit and Investment Corporation was registered in Bombay on January 5, 1955. Among the objects for which it has been formed, the chief ones deserve to be mentioned for the sake of clear appreciation of its role and utility to the private sector in this country. In particular, this Corporation will provide finance in the form of long and medium term loans or equity participations and sponsor and underwrite new issues of shares and securities. Apart from guaranteeing loans from private investment sources, the Corporation will also make funds available for re-investment by revolving investment as rapidly as possible.

The authorised capital consists of Rs. 5 crores in ordinary shares of Rs. 100 each and Rs. 20 crores in unclassified shares of Rs. 100 each. At present, only ordinary shares are being issued. Of this Rs. 5 crores, Rs. 2 crores are to be taken up by Indian banks, insurance companies and certain of the Directors and their friends. The American subscribers are taking up Rs. 50 lakhs and the subscribers in the U.K. including British exchange banks and other Commonwealth insurance companies and others are taking up Rs. 1 crore. The U.K. subscriptions have been arranged through the Commonwealth Development Finance Co., Ltd., London. This leaves Rs. 1.5 crores to be offered for public subscriptions in India in terms of the Prospectus, published elsewhere in this journal. All these shares are being issued fully paid. The Government of India, as stated above, is to advance to the Corporation Rs. 7.5 crores free of interest, repayable in 15 equal annual instalments, commencing after the expiry of 15 years from the date of the advance, which is to be made available when Rs. 5 crores of ordinary shares have been fully subscribed. The International Bank, for its part, is to lend to the Corporation up to $10 million in foreign currencies. The repayment of this loan is to be guaranteed by the Government of India. The list for subscription will open on February 3 and will close on Monday, February 14, 1955, at the time of the closing of business. Applications for the Rs. 1.5 crores in ordinary shares to be issued to the public have to be lodged together with the remittance for the full amount with one of the branches of the 16 banks in India, the names of which are listed in the Application Form.

The Board of Directors consists of leading business men and industrialists. Sir Arcot Ramaswami Mudaliar is the Chairman. Those Directors who are not residents of India are expected to appoint alternates to represent them at Board meetings, when they are unable to attend in person. The first General Manager of the Corporation is Mr. P. S. Beale, who resigned his position as Chief Cashier of the Bank of England. It will be recalled that during 1937-39 he was Secretary to the Central Board of the Reserve Bank of India. When the allotment of shares issued is completed, the Corporation will issue an announcement regarding applications for loans. This is likely to take place early in March next.

POST-WAR PROGRESS OF LLOYDS BANK

The report and accounts relating to the working of Lloyds Bank, Limited, during 1954 will be presented by the Chairman to the annual general meeting in London on February 18. Sir Oliver Franks, in the statement accompanying the accounts, has reported the profits for the year at £2,186,072 or £102,291 higher than in the previous year. Business activity remained at a high level during the year and helped improve earnings. The gradual increase in advances replaced the downturn reported during the previous year; and this, together with the increased holdings of U.K. Government securities by the Bank largely offset the fall in interest rates following reduction in the Bank Rate. The previous year's dividend on 'A' shares has been raised by a further 1 per cent to 15 per cent. Some £3,593,239 are proposed to be used to capitalise reserves towards payment of 5 sh. per share on "A" shares of £5 each, £1 paid-up, making the shares £1-5sh. paid-up. Current, Deposit and other Accounts show an increase of £41 million; Loans and Advances an increase of £12 million and Investments some £14 million.

The Eastern branches—in India, Pakistan and Burma—also indicate encouraging progress. The present number of accounts is almost thrice as large, and deposits five times as large as in 1938. The exchange bank functions in these countries are not merely restricted to providing finance for movement of commodities in world trade and finance for industrial development to private enterprise, but extend to participation in government-sponsored enterprises.

The expansion of business over 1938 is an exceedingly impressive one. During 1954, movements of cash between different offices of the Bank totalled £500 million, excluding movements of cash between Lloyds and other banks. Deposits have trebled since 1938, money turn-over quadrupled, and the current account cheques drawn annually valued at over £34,000 million. Of the 2½ million accounts of all kinds, some two-thirds are current accounts. The expansion of credit is associated with a rise in the general price level. This has affected the Bank in raising expenses. The 33 per cent rise since 1948 in retail prices is a percentage increase thrice as great as that of deposits with the Bank. The return to more flexible monetary policies in 1951, expressed in the raising of short-term interest rates, however, mitigated the downward pressure on earnings. The Chairman of the Bank has in his statement correctly drawn attention to the need for strengthening the Bank's capital and reserves so as to make them commensurate with future liabilities and the rapid expansion of the Bank.

FORWARD TRADING IN OILSEEDS AND OILS

With effect from January 25, following the recommendations of the Forward Markets Commission certain oilseeds and oils were brought under the purview of the Forward Contracts (Regulation) Act, 1952. The application of the Act results in the repeal of any State law corresponding to the Act in application in any area. The Bombay Forward Contracts Control Act, 1947, is therefore repealed in its application to oilseeds. Any recognition to an Association under the State Act, however, continues to be effective, unless expressly superseded. The Bombay Oilseeds Exchange Ltd., is the only Association whose recognition provisionally continues. The present step puts an end to the regulation by the States, of forward trading in oils and oilseeds. Edible oils and oilseeds could not be controlled by the Centre under the Essential Commodities Ordinance of January 27, because the Centre had no powers to regulate items in the State Lists. Thus by the application of the Act, control is sought to be exercised on an all-India scale.

The important features of the decision are: (1) forward contracts including non-transferable specific delivery contracts in respect of castor seed, kardi seed, niger seed and mowra seed will continue to be regulated within the limits of Greater Bombay, through the ring of the Bombay Oilseeds Exchange; forward trading in these items outside Greater Bombay will not be regulated. (2) with regard to groundnut and linseed, the present ban on forward contracts, other than non-transferable specific delivery contracts, will continue in Greater Bombay. For the rest of India, forward contracts in these two oilseeds will be regulated only through recognised associations. No association has, however, yet been recognised throughout India, (3) with regard to mustard seed, sesamum, rapeseed, copra and cottonseed, all forward contracts including non-transferable specific delivery contracts within the limits of Greater Bombay will be illegal. In other parts of India, forward contracts other than non-transferable specific delivery contracts with regard to the above seeds will be permitted only through recognised associations. But no association has yet been recognised for this purpose, (4) the present ban on forward contracts in respect of groundnut oil, linseed oil, mustardseed oil, rapeseed oil, coconut oil, sesamum oil, cottonseed oil and castor oil will continue in the whole of India except in the case of coconut oil where forward contracts will continue to be permitted in the State of Travancore-Cochin.

The Central Government, on the recommendation of the Forward Markets Commission, is anxious that there be no dislocation in trade consequent on the changes prescribed. The notification maintains the status quo pending detailed study and examination of specific problems relating to each commodity. The Commission's reports on groundnut and groundnut oil, castorseed and castorseed oil, linseed and linseed oil have been made available; reports on other oilseeds and oils, spices, etc., are expected to be ready shortly. The Commission is to deal with applications for recognition from associations. It is obvious that it will be necessary that functioning of these associations will have to be in accordance with the provisions of the Act. The decisions have had no mentionable impact on the price trends of oils and oilseeds in Bombay.

COMPANY AFFAIRS

ANGLO-INDIA JUTE MILLS COMPANY, LTD.

The audited accounts of the above Company (Managing Agents: Ducan Bros. & Co., Ltd.) for the half-year ended September 30, 1954, reveal a net profit of Rs. 4.38 lakhs, showing an increase of Rs. 2.64 lakhs over the previous half-year. This rise in the net profit is due to the improved figure for sales at Rs. 214.89 lakhs as against Rs. 202.13 lakhs in the last half-year. The bill for salaries and wages is covered by 24.6 per cent of the sales. Stocks and manufacturing expenses stand at Rs. 30.72 lakhs and Rs. 143.28 lakhs respectively.

The Directors have allocated Rs. 4.00 lakhs for depreciation and Rs. 50,000 for Dividend Equalisation Reserve. Taxation absorbs Rs. 3.50 lakhs as against Rs. 1.00 lakh during the preceding half-year. The ordinary dividend has been enhanced from 5 per cent to 10 per cent per annum, absorbing a sum of Rs. 2.46 lakhs. In line with the other jute companies, the Anglo-India increased the working hours to 48 hours from October 18, 1954. The directors state that selling prices during the accounting period showed a considerable stability which assisted offtake by consumers. Raw jute prices fell during the sowing season on prospects of satisfactory crop but have risen constantly since the severe flooding which damaged jute grown over widespread areas in India and Pakistan. The quality of the crop has inevitably been adversely affected.

Regarding the subsidiaries, namely, Messrs. Landale and Clark Ltd., and Messrs. Landale and Clark (Pakistan) Ltd., there was continued disparity between moufussil costs and prices available from mills in Calcutta, while trading from Pakistan agencies was almost impossible because of restrictions imposed by export price checking procedure. All but a small nucleus of Pakistani agencies have been closed down and even these are on a care and maintenance basis while the present unfavourable rate of exchange obtains between India and Pakistan.

The table below highlights the salient features of the working of the Company during the last three half-years:

		(In lakhs of rupees)	
Half-year ended	**30-9-1953**	**31-3-1954**	**30-9-1954**
Sales	191.53	202.13	214.89
Stocks	27.40	23.57	30.72
Salaries and Wages	54.39	53.46	52.35
Manufacturing Expenses	119.93	127.92	143.28
Net Profit*	3.87	1.74	4.38
Depreciation	4.00	3.50	4.00
Taxation	3.25	1.00	3.50
Ordinary Dividend (rate per cent per annum)	10	5	10

* After providing for depreciation and taxation.

FORT WILLIAM JUTE CO., LTD.

The working results of the Fort William Jute Co., Ltd., (Managing Agents: N. D. Bangur) for the half-year ended September 30, 1954, are very encouraging. The figure for sales shows a substantial improvement from Rs. 80.56 lakhs to Rs. 89.10 lakhs. The stocks stand as high as Rs. 6.72 lakhs as against Rs. 4.97 lakhs during the last half-year while the manufacturing expenses have gone up by Rs. 4.30 lakhs to Rs. 51.22 lakhs. The bill for salaries and wages covers more than 24 per cent of the sales. The net profit, after providing for depreciation but not for taxation, is up by Rs. 2.60 lakhs from Rs. 6.79 lakhs to Rs. 9.39 lakhs during the half-year under report. The directors have transferred Rs. 7.0 lakhs to the General Reserve Account. Rs. 2.13 lakhs (as against Rs. 2.04 lakhs in the previous half-year) have been provided for depreciation. No provision has been made for taxation. The directors have proposed a dividend of 20 per cent per annum on the ordinary shares. The market price of the share being Rs. 390, the running yield works out to 5.1 per cent.

In accordance with the main and supplementary working time agreement of the I.J.M.A., 12½ per cent of the total looms continue to remain sealed and the mills worked 42½ hours per week up to July 10, 1954, and from July 12, the working hours were increased to 45 hours per week. These were again increased from October 18, 1954, to 48 hours per week to meet the demand from the consuming centres.

The progress of the company during the last three half-years is summarised in the table below:

		(In Rupees)	
Half-year ended	**30-9-1953**	**31-3-1954**	**30-9-1954**
Gunny Sales	75,31,197	80,55,880	89,10,217
Stocks	6,71,005	4,97,370	6,71,895
Salaries and Wages	20,95,098	20,97,088	21,56,725
Manufacturing Expenses	44,77,577	46,92,417	51,21,719
Net Profit*	8,11,512	6,79,023	9,39,350
Depreciation	1,83,925	2,03,971	2,13,393
General Reserve	1,00,000	5,00,000	7,00,000
Ordinary Dividend (rate per cent per annum)	10	20	20

* After providing for depreciation only.

THE BISRA STONE LIME CO., LTD.

The directors' report of the Bisra Stone Lime Co., Ltd., (Managing Agents: Bird and Co., Ltd.) for the half-year ended March 31, 1954, disclosed a fall in output as well as in despatches. The drop was mainly due to the reduced demands by the Indian Iron and Steel Co., Ltd., caused by labour trouble which continued from the previous half-year and restriction on output to clear heavy stocks accumulated on the above account. Dolomite production was down by 3,450 tons to 9,267 tons. Limestone raising showed decline of 40,201 tons to 4,01,480 tons, while lime output stood increased by 41,645 maunds to 535,865 maunds. The profit and loss account shows a net profit of Rs. 53,003, after providing Rs. 52,883 for depreciation and Rs. 25,000 each for Tax Contingency Reserve and taxation.

The ordinary dividend at 10 per cent per annum has been maintained during the half-year under review.

BANK OF PATIALA

The profits of the Bank of Patiala for the year 1954, subject to audit, amounted to Rs. 8.09 lakhs as against Rs. 6.10 lakhs in the previous year. This shows an increase of 32.6 per cent over the profits in 1953. The improvement is spectacular as compared to the profits in the year 1952, when they amounted to Rs. 3.46 lakhs only. Thus, during the course of the last two years the profits of the Bank have more than doubled.

The Bank has made rapid strides in all spheres of its activities. The deposits have kept an unbroken upward trend and at the close of the year at Rs. 8.86 crores chronicle a fresh record. The investment in Government securities at Rs. 4.04 crores recorded an improvement of Rs. 61 lakhs as compared to the figures of the previous year. The Bank subscribed to the National Plan Loan to the extent of Rs. 50 lakhs during the course of the year. The Bank strengthened further its reserves during the year by adding Rs. 6.56 lakhs to them. At the close of the year they stood at Rs. 69.19 lakhs. Compared to its paid-up capital the reserves are 46.1 per cent.

COMMODITY NEWS AND NOTES

PROTECTION FOR CAUSTIC SODA AND BLEACHING POWDER

The Government of India have accepted the scheme of protection to the caustic soda and bleaching powder industry, as recommended by the Tariff Commission. The existing preferential rate of duty of 27.3 per cent ad valorem on caustic soda of U.K. origin should be converted into protective duty, the standard rate of duty being fixed in accordance with the relevant trade agreements. As regards bleaching powder and bleaching paste, a protective duty of 15 per cent ad valorem should be levied. The protective duties mentioned above should be in force up to the end of 1958. Various ancillary recommendations for the future expansion and development of this important heavy chemical industry are being examined by the Government. The attention of the industry has been drawn to the Commission's recommendations to intensify efforts to develop new uses for chlorine, to improve the strength and stability of indigenous bleaching powder, and to remove defects in the quality and packing of caustic soda.

JUTE EXPORTS TO CANADA DECLINE

In spite of the fact that Indian gunny prices have remained fairly stable, Canadian off-take of jute fabrics has not been satisfactory during the first six months of 1954, as reported by the Indian Commissioner in Ottawa. During January-June 1954, Canadian importers received jute fabrics worth 3,592 thousand dollars from India, compared with 4,059 thousand dollars in the corresponding period of the previous year. Imports of narrow 12" fabrics used mainly by market gardners, rose from approximately 12 thousand dollars to 35 thousand dollars.

Pakistan doubled her exports of jute butts to Canada, the value rising to 226 thousand dollars from 108 thousand dollars in the corresponding period of 1953. Hungarian mills placed moderate supplies of cloth in the Canadian market for the first time since the war. Other suppliers did not fare well. Imports from the U.S.A., the U.K., and Belgium declined to a large extent.

MANGANESE DIOXIDE EXPORT ALLOWED

The Government of India has reviewed the policy with regard to manganese dioxide and manganese peroxide and has decided to allow their export during the current year by established shippers and mineowners within a ceiling. The details of licensing procedure are being notified by the Export Trade Control authorities at the ports.

PAK SALT INDUSTRY FACES CRISIS

Sea salt industry in West Pakistan, which provides employment to 40,000 and yields Rs. 2 crores of revenue to the Government of Pakistan, is now faced with a crisis and is virtually at a standstill as a result of the recent restrictions on the movement of salt to East Pakistan. It is stated that 30,000 maunds of sea salt are at present blocked in salt works. It is feared that stoppage of salt manufacture would result in a loss of investment estimated over Rs. 1 crore and also in damage to salt pans which are likely to be washed away by surging sea waters. Another problem is lack of storage facilities. East Pakistan production is only 20 lakh maunds, against a demand of 60 lakh maunds a year.

EXPORT OF WHEAT BRAN

The Government of India have decided to permit the export of a small quantity of wheat bran by roller flour mills during the period January-June 1955, from all ports except Calcutta. Firms other than roller flour mills are not eligible to apply, though there will be no objection to their effecting shipments as nominees on behalf of flour mills to whom licences are issued. Full details regarding the manner and the date by which applications are to be submitted may be obtained from the Export Trade Control authorities at the ports and at Amritsar, Shillong and Rajkot.

PRODUCTION AND STOCKS OF SUGAR

The production of crystal sugar amounted to 4.76 lakh tons and arrivals of imported sugar to 1,84,000 tons up to January 15, 1955, in the current season. The figures for the corresponding period of the last season (1953-54) were 3.82 lakh tons and 1,24,000 tons respectively Dispatches of sugar from factories during the period were 1,09,000 tons as compared to 2,29,000 tons in the corresponding period of the last season. The stock with the factories on January 15, 1955, stood at 4,24,000 tons as compared with 3,48,000 tons last year.

LOWER COTTON ACREAGE IN PAKISTAN

The second estimate of the area under cotton crop for the year 1954-55 is 2,813,000 acres (American and Desi varieties 2,368,000 acres and 445,000 acres respectively) as against 3,120,000 acres (American and Desi varieties 2,697,000 acres and 423,000 acres respectively) reported in the second estimate of the last year, and shows a decrease of 9.8 per cent.

The decrease and increase in respect of American and Desi varieties are 12.2 per cent and 5.2 per cent respectively. The acreage reported in the supplementary estimate of the last year was 2,928,000 acres (American and Desi varieties 2,494,000 acres and 434,000 acres respectively).

There has been a general decrease in the acreage of this crop throughout Pakistan. Major decreases have occurred in the Punjab and Sind. The decrease in the Punjab is attributed to fall in prices of cotton in the preceding harvest and to the Grow More Food Campaign. In Sind, the decrease is partly due to locust attack in the initial stage of growth of the crop and partly due to irregular fluctuations of cotton prices during the past year.

FIRST ESTIMATE OF SMALL-MILLETS

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, the All-India First Estimate of Small-Millets for the year 1954-55 puts the current year's area at 10,124,000 acres as against the corresponding estimate of 9,796,000 acres for the previous year, thereby showing an increase of 328,000 acres or 3.3 per cent. The increase in acreage under small-millets during the current year has been reported by almost all the major small-millets-growing States, except Uttar Pradesh and Hyderabad, due to favourable weather conditions at the time of sowing. The increase is particularly marked in the case of Madhya Pradesh, Vindhya Pradesh and Bombay. The increase in Vindhya Pradesh is attributed to extension in cultivation. This Estimate covers the period generally up to the middle of October 1954. Till then, the condition of the crops was reported to be generally satisfactory. This is for the first time that the All-India First Estimate of Small-Millets is being issued. The Estimate does not cover the entire area sown to these crops. The Estimate relates to Kharif small-millets only and does not include area sown to Rabi small-millets, information for which will be included in the Second Estimate.

Chairman's Report

LLOYDS BANK
POST-WAR PROGRESS

The annual general meeting of Lloyds Bank Limited, will be held on February 18 in London.

The following are extracts from the statement by the Chairman, The Right Hon. Sir Oliver Franks, G.C.M.G., K.C.B., C.B.E., accompanying the report and accounts for the year 1954:

The profit for the year, at £2,186,072 is £102,291 higher than last year. The down-turn in advances to which reference was made a year ago has been replaced by a gradual increase throughout the year which, together with the increase in our holdings of British Government securities, has offset to some extent the effect of the fall in interest rates following the reduction in Bank Rate. Business activity has remained at a very high level during the past twelve months and this has improved our earnings in other directions; on the other hand, staff and other expenses continue to increase, a factor which must make for caution in any estimate of future profits.

A year ago we were able to increase the dividend on the "A" shares by 2 per cent; we propose for 1954 a further increase of 1 per cent, making 15 per cent for the year. We also propose the capitalisation of reserves to the extent of £3,593,239 for the purpose of paying up 5s. per share on the "A" shares of £5 each £1 paid, making the shares £1.5s. paid-up.

In order to dispel any uncertainty in the minds of shareholders, we have already announced our intention to recommend in due course that the dividend on the "A" shares for the current year, subject to maintenance of the bank's profits, should be at the rate of 12 per cent per annum on the shares in their new form, being the equivalent of 15 per cent on these shares in their present form.

Current, Deposit and other Accounts show an increase of £41 millions and on the assets side Loans and Advances are up by £12 millions and Investments by £14 millions.

CHANGES SINCE 1938

I feel sure that it will interest you as shareholders if I devote my first annual statement to discussing some of the ways in which the Lloyd Bank of today differs from the Lloyds Bank of pre-war days, and say something about the problems the bank has been having to face.

Our share of the total deposits of the eleven London clearing banks, or of the five larger banks, is slightly higher today than just before the war. But a large expansion in our resources, when it reflects a general inflationary movement, is by no means the unmixed blessing it is often assumed to be; it can create real problems in our internal finances.

GROWTH OF ACTIVITIES

Last year, movements of cash between our various offices totalled £500 millions, apart from movements of cash between our own and other banks. In silver alone we handle over our counters about £100 millions (or over eleven thousand tons) a year. While our deposits have about trebled since 1938, the monetary turnover passing through our books has quadrupled; cheques drawn by customers on their current accounts now amount to some £34,000 millions a year.

Since before the 1914 war there has not been a single year in which the number of current accounts has failed to expand. We are today conducting about 2½ million accounts of all kinds, of which two-thirds are current accounts.

BRANCHES IN INDIA, PAKISTAN AND BURMA

In spite of the far-reaching political changes in their part of the world, the Eastern branches can show a similar record of growth. Before the war a large part of their business was concerned with the accounts of British personnel in Government offices and the Armed Forces. Most of these accounts have been closed, but a new business has been built up to take their place. The present number of accounts is almost three times as large, and deposits are more than five times as large, as in 1938.

Basically, the business we conduct is that of an exchange bank and is concerned with financing the movement of commodities in world trade. We have nevertheless taken our share in providing finance required for the industrial development of all three countries in which we operate, and have done this not only by making advances directly to private enterprise but also by participating in government-sponsored ventures.

CREDIT EXPANSION

I pointed out earlier that the three-fold expansion in deposits since 1938 is not an unmixed cause for self-congratulation. An expansion of credit on that heroic scale is bound to be associated with a rise in the general price level and this affects the bank in more than one way.

If prices rise, our expenses are bound to rise too, though not necessarily in exactly the same ratio. Since 1948 retail prices have risen by some 33 per cent, a percentage increase three times as great as that in our deposits. The combination of more or less stationary deposits with steeply rising costs was calculated to reduce our earnings. But as things have turned out the downward pressure on earnings was mitigated by the rise in short-term interest rates which followed the return to more flexible monetary policies in 1951.

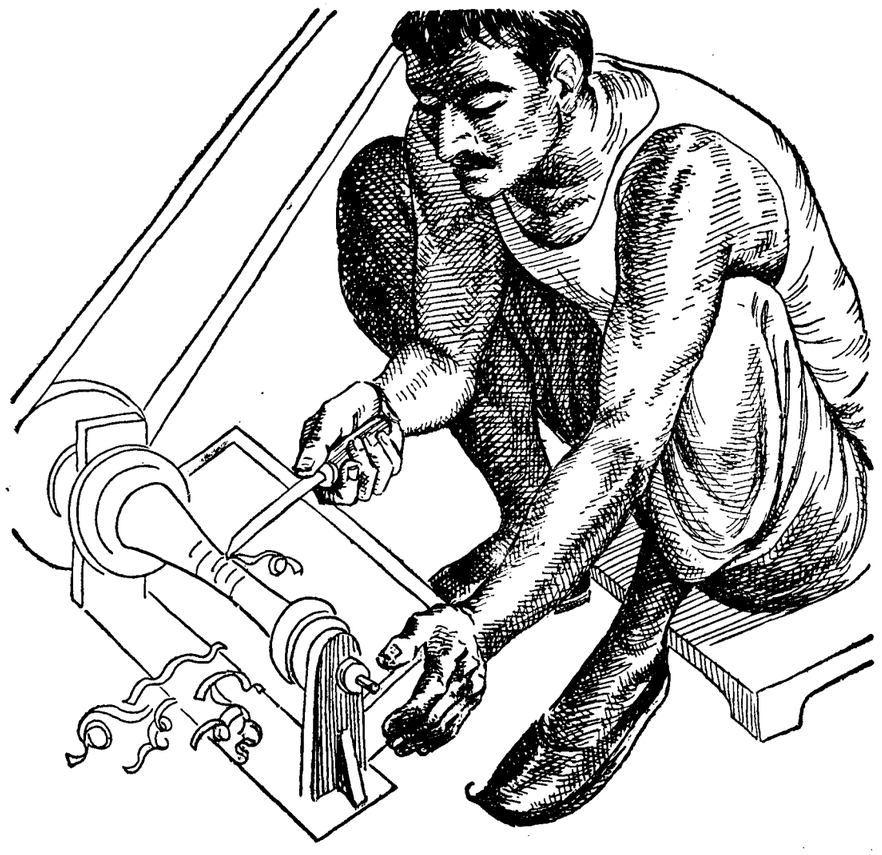
But it is not through its incidence on operating expenses alone that a rising price level affects our finances. For example, there is the problem of pensions. It is obviously desirable that the pension funds should be progressively strengthened so that they can take care of our future pensions liabilities. The bank has taken action to this end and it is an expensive matter.

Similar problems arise in connection with the bank's capital and reserves. Obviously the great growth in our deposits since before the war does not call for a commensurate increase in our capital resources, since for the most part the additional deposits have had their counterpart in government obligations. It is different with our lending to the public. The bank has a vital role to play in the national economy and in fulfilling that role we take, as is proper, normal commercial risks.

NEED FOR STRONG RESERVES

Given the growth in our figures, something more has been needed than the additions to our published reserves, and throughout the period the increase of the internal reserves has continued to be a priority for us.

I hope that I have shown that the bank recognises its obligations to the various sections of the community with which it has dealings and does its best to meet them. For our customers we provide a first-class banking service at a reasonable cost. In the last two years we have been able to raise the payment to our shareholders, many of whom are themselves among the worst sufferers from rising prices. Within the limits set by our earning capacity in competition with our rivals we have been able to give both to the active and to the retired staff some relief against successive increases in the cost of living. But our overriding duty is and must always be to maintain the strength and the stability of our great organisation.



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 3939

PROSPECTUS

"Consent of the Central Government has been obtained to this issue by an Order of which a complete copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in giving this consent the Government of India do not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them."

A copy of this Prospectus has been filed with the Registrar of Companies, Bombay, as required by Section 92(2) of the Indian Companies Act, VII of 1913.

The Subscription List will open on Thursday the Third day of February, 1955 and will close on Monday the Fourteenth day of February, 1955.

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

Authorised Capital .. .. Rs. 25,00,00,000

Divided into
5,00,000 Ordinary Shares of Rs. 100/- each and
20,00,000 Unclassified Shares of Rs. 100/- each.

Present Issue:

5,00,000 Ordinary Shares of Rs. 100/- each, at par.

The Central Government has declared by a notification in the Official Gazette the Shares comprised in the present issue to be an approved investment for the purpose of Section 27A of the Insurance Act, 1938.

Out of the above Issue and on the terms of this Prospectus:

(a) Several Indian Banks and Insurance Companies and certain of the Directors of the Company and their friends and associates have agreed to take up 2,00,000 Ordinary Shares of Rs. 100/- each.

(b) Certain Nationals and Corporations of the United States of America have agreed to subscribe for 50,000 Ordinary Shares of Rs. 100/- each.

(c) The British Eastern Exchange Banks and certain United Kingdom and other Commonwealth Insurance Companies and other British Companies have agreed to subscribe for 1,00,000 Ordinary Shares of Rs. 100/- each.

The remaining 1,50,000 Ordinary Shares are offered for public subscription.

A sum of Rs. 100/- per Share will be payable on application for Ordinary Shares.

NAMES OF DIRECTORS

Name	Address	Description
Dr. Sir ARCOT RAMASWAMI MUDALIAR (Chairman)	'Kensington,' Kilpauk, Madras.	Chairman, India Steamship Co., Ltd.
ARDESHIR DARABSHAW SHROFF	Bombay House, 24, Bruce Street, Fort, Bombay.	Director, Tata Sons Ltd.
GHANSHYAM DAS BIRLA	Birla House, New Delhi.	Industrialist.
KASTURBHAI LALBHAI	Pankore's Naka, Ahmedabad.	Mill Agent and Banker.
Sir BIREN MOOKERJEE	12, Mission Row, Calcutta.	Managing Director, Martin Burn Ltd.
J. G. BEEVOR, O.B.E.	53, Cornhill, London, E.C 3.	Managing Director, Commonwealth Development Finance Co., Ltd., London, and Director, Legal & General Assurance Society Ltd., London.
Sir WILLIAM ROBERT COCKBURN	38, Bishop Gate, London, E.C. 2.	General Manager, Chartered Bank of India, Australia & China.
RUSSEL G. SMITH	Bank of America, San Francisco, California, U.S.A.	Executive Vice-President.
DHARAMSEY MULRAJ KHATAU	Laxmi Building, Ballard Road, Fort, Bombay.	Landlord & Merchant.
Sir BADRIDAS GOENKA, C.I.E.	19, Belvedere Road, Calcutta.	Merchant.
S. BHOOTHALINGAM, I.C.S. (Government Director)	Ministry of Commerce & Industry, New Delhi.	Special Secretary to the Government of India, Ministry of Commerce & Industry.

GENERAL MANAGER

PERCIVAL SPENCER BEALE
THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED
Fort House, 221 Dadabhoy Naoroji Road (Hornby Road), Bombay 1.

BANKERS

BANK OF BARODA, LTD.
BANK OF INDIA, LTD.
CENTRAL BANK OF INDIA, LTD.
INDIAN OVERSEAS BANK, LTD.
NATIONAL BANK OF INDIA, LTD.
PUNJAB NATIONAL BANK, LTD.
UNITED COMMERCIAL BANK, LTD.

SOLICITORS

Messrs. AMARCHAND and MANGALDAS
Lentin Chambers, Dalal Street, Fort, Bombay.
Messrs. KHAITAN & Co.
1 B Old Office St., Calcutta 1.

AUDITORS

Messrs. N. M. RAIJI & Co.
Apollo Street, Fort, Bombay.
Messrs. RAY & RAY
6, Church Lane, Calcutta 1.

REGISTERED OFFICE

Fort House, 221 Dadabhoy Naoroji Road (Hornby Road), Bombay 1.

Object

1. The Company has been incorporated on the 5th day of January 1955 for the objects mentioned in the Memorandum of Association and particularly for the purpose of carrying on the business of assisting industrial enterprises within the private sector of industry in India

in general by

(i) assisting in the creation, expansion and modernization of such enterprises;

(ii) encouraging and promoting the participation of private capital, both internal and external, in such enterprises;

(iii) encouraging and promoting private ownership of industrial investments and the expansion of investment markets;

and in particular by

(i) providing finance in the form of long- or medium-term loans or equity participations;

(ii) sponsoring and underwriting new issues of shares and securities;

(iii) guaranteeing loans from other private investment sources;

(iv) making funds available for re-investment by revolving investments as rapidly as prudent;

(v) furnishing managerial, technical and administrative advice and assisting in obtaining managerial, technical and administrative services to Indian industry.

Government Agreement

2. Under Articles of Agreement hereinafter referred to and to be entered into between the President of India of the one part and the Company of the other part, the Government of India have agreed to advance to the Company a sum of Rs. 7,50,00,000 (Rupees Seven Crores and Fifty Lakhs) free of interest repayable in fifteen equal annual instalments commencing from and after the expiry of fifteen years from the date of receipt of the advance by the Company. The said advance of Rs. 7,50;00,000 (Rupees Seven Crores and Fifty Lakhs) shall rank for payment and shall be payable only after payment of all outstanding debts and liabilities of the Company and the amount of the paid-up share capital of the Company together with any premiums payable thereon; Provided, however, that each annual instalment as it falls due (and the entire advance if it should fall due pursuant to the provisions of the said Agreement) will become a debt of the Company and will cease to be treated as part of the advance outstanding for purposes of the said agreement. In the event of the Company being wound up voluntarily or by or subject to the supervision of a Court, any surplus assets shall be divided between the holders of the Ordinary Shares of the Company and the Government of India in proportion to the amount paid-up on the Ordinary Shares and the amount of the advance or part thereof outstanding at the commencement of the winding up. By the said Agreement it is further provided that if, as a result of the report of the Accountants it is found that the capital of the Company (including the said advance of Rs. 7,50,00,000 [Rupees Seven Crores and Fifty Lakhs] or part thereof then outstanding) has been impaired and:

(i) If liabilities exceed assets by twenty per cent of the aggregate of the paid-up share capital of the Company and the amount of the said advance then outstanding, a consultation will take place between the Government of India, the Company and The International Bank for Reconstruction and Development (hereinafter called "the Bank") to examine the situation of the Company and its prospects and to determine what remedial action may be recommended to the Board of Directors of the Company;

(ii) If the capital of the Company is further impaired and such impairment reaches thirty per cent, the Government of India in consultation with the Bank and the Company will have the right to apply to the Court for an Order for the winding up of the Company in accordance with and subject to the provisions of the Indian Companies Act, 1913 (hereinafter called "the Act").

By the said Agreement it is also provided that so long as the said advance or any part thereof shall be outstanding, the Government of India shall have the right to appoint, maintain in office and remove from time to time one Director on the Board of Directors of the Company to represent the Government of India and the Director so appointed shall not be liable to retire by rotation nor be required to hold any share qualification.

Agreement with The International Bank for Reconstruction and Development:

3. Under Articles of Agreement hereinafter referred to and to be entered into between the Bank of the one part and the Company of the other part, the Bank has agreed to lend and advance to the Company from time to time an amount in various currencies equivalent to $10,000,000 (that is Dollars One Crore) upon the terms and conditions therein contained.

Guarantee Agreement:

4. Under Articles of Agreement hereinafter referred to and to be entered into between India acting by its President of the one part and the Bank of the other part the Government of India have stood gua-

rantee for repayment of the principal, interest and other charges on the loan to be made by the Bank to the Company upon the terms and conditions therein contained.

MINIMUM SUBSCRIPTION

5. In the opinion of the Directors the amount to be provided (exclusive of any amounts payable, if any, otherwise than for cash) for the following, namely:

(a) Preliminary expenses (inclusive of brokerage) and

(b) Working capital,

is Rs. 5,00,00,000 (Rupees Five Crores) which will be provided from the proceeds of the present issue.

BROKERAGE

6. Brokerage at the rate of Re. 1 per Ordinary Share in respect of Shares offered for public subscription will be paid by the Company on allotment made in respect of applications bearing the stamp of any Bank or any registered Broker or Brokers of a recognised Stock Exchange.

PRELIMINARY EXPENSES

7. The estimated amount of preliminary expenses (excluding brokerage) is Rs. 3,00,000 (Rupees Three Lakhs).

CONTRACTS

8. The following contracts (terms whereof have been negotiated) will be entered into:

(i) Agreement between the Bank of the one part and the Company of the other part;

(ii) Agreement between India acting by its President of the one part and the Bank of the other part;

(iii) Agreement between the President of India of the one part and the Company of the other part.

Drafts of the Agreements referred to above may be inspected at the Registered Office of the Company at Fort House, 221 Dadabhoy Naoroji Road (Hornby Road), Bombay 1, at any time during usual business hours (except on Sundays and holidays).

INTEREST OF DIRECTORS

8A. No director is interested in the promotion of the Company except to the extent of the remuneration payable to him as hereinafter specified.

PROVISIONS IN THE ARTICLES OF ASSOCIATION

Director's Qualification and Remuneration

9. The Articles of Association provide as follows:

(i) Article 118. The qualification of a Director of the Company (other than the Government Director or any Debenture Director) shall be the holding of shares in the Company of the aggregate nominal value of Rs. 5,000. A Director may act before acquiring his qualification, but shall in any case acquire the same within two months from his appointment.

Article 119. The ordinary remuneration of a Director for his services shall be at the rate of Rs. 250 per month irrespective of the number of meetings of the Board attended by him. No Director who is a Government servant shall be entitled to receive any remuneration under this Article or under any other provisions of these presents except as authorised by his Government.

Article 120. Subject to the provisions of the Article 119 in the case of a Government servant the Directors may allow and pay to any Director who is not a **bona fide** resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting such sum as the Directors may consider fair compensation for travelling expenses in addition to his remuneration as above specified and the Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Directors in terms of these presents and may pay the same.

Article 121. Subject to the provisions of the Article 119 in the case of a Government servant if any Director, being willing, shall be called upon to perform extra services or to make special exertions in going out or residing at a particular place or otherwise for any of the purposes of the Company, the Company may remunerate such Director either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

(ii) The Directors may fix the remuneration of local boards appointed by them.

Voting Rights and Restrictions on Transfer

10. (A) The Articles of Association provide as under:

Article 100. (i) Upon a show of hands every member entitled to vote and present in person or (in the case of a corporation) by attorney or proxy shall have one vote.

(ii) Upon a poll every member entitled to vote and present in person or by attorney or by proxy shall have one vote for every share held by him.

Article 101. Any member who is a corporation present by a representative duly authorised by a resolution of the Directors of such corporation in accordance with the provisions of Section 80 of the Act may vote on a show of hands as if he was a member of the Company. The production at the meeting of a copy of such resolution duly signed by one Director of such corporation and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of validity of his appointment.

Article 102. Subject to the provisions of the Act no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or as a proxy or attorney for any other member or be reckoned in a quorum whilst any call or other sum shall be overdue and payable to the Company in respect of any of the shares of such member for more than one month.

Article 48. Subject to the provisions of Agreement recited in Article 4 (1)(a) of these presents the Directors may at their absolute and uncontrolled discretion decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and in particular may so decline in respect of shares upon which the Company has a lien or whilst any member executing the transfer is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.

(B) The said provisions of the Agreement are **inter-alia** as follows:

"It is the mutual intention of the Government of India and the Corporation that the membership of the Corporation shall, so far as practicable, be broadly distributed and that there shall be no undue concentration of control. To that end, the Corporation agrees that:

(a) The Board of Directors shall at all times exercise their rights under the Articles of Association of the Corporation with respect to registration of transfer of shares so as to prevent any one person or company or group of affiliated persons or companies from acquiring effective control of the Corporation.

(b) Any dispute between the Government of India and the Corporation as to whether effective control of the Corporation shall have been acquired by any one person or company or group of affiliated persons or companies may be referred to arbitration under Clause 15 of this Agreement and in such event the arbitrator, if he shall determine that such control shall have been so acquired, shall order the outstanding balance of the Government advance to be repaid by the Corporation forthwith upon the expiration of a reasonable period fixed by the arbitrator unless prior thereto appropriate remedial measures prescribed by or satisfactory to the arbitrator shall have been taken or the winding up of the Corporation shall be commenced. Any such order shall be binding on the Corporation."

(C) No restrictions are imposed by the Articles of Association upon the Directors of the Company in respect of their powers of management save and except such restrictions as are imposed upon them by law as also save and except the restrictions imposed upon them by Articles 13, 69 and 151 which run as follows:

Article 13. Any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may be issued either with the sanction of the Company in General Meeting or by the Directors and upon such terms and conditions and with such rights and privileges annexed thereto as by the General Meeting sanctioning the issue of such shares be directed and, if no such direction be given and in all other cases, as the Directors shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of the assets of the Company and with a special or without any right of voting and any preference shares may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed, provided however that (1) no shares shall be issued pursuant to this Article without the sanction of the Company in General Meeting unless they shall be offered to the members in proportion to the existing shares held by each member (irrespective of class) and (2) no unclassified shares shall without the sanction of the Company in General Meeting be issued as preference shares if the aggregate nominal amount of issued preference shares would thereby exceed the aggregate nominal amount of the issued ordinary shares of the Company.

Article 69. Subject to the provisions of these presents the Directors may from time to time at their discretion borrow any sum or sums of money for the purposes of the Company: Provided that the Directors shall not subject to any restrictions imposed by the terms of the *Agreements mentioned in Article 4(1)(a) and (b) borrow or guarantee any sum of money which after such borrowing or guarantee will make the amount borrowed and guaranteed by the Company and at that date outstanding exceed an amount equal to three times the aggregate of (1) the unimpaired capital of the Company, (2) the amount at the time outstanding of the special advance from the Government of India referred to in the Agreement mentioned in Article 4(1) (a) and, (3) the surplus and reserves of the Company; Provided however that no lender or other person dealing with the Company shall be concerned to see or inquire whether any of these limits are observed or be bound by such limits. For the purpose of this Article, the amounts of the unimpaired capital and of the surplus and reserves of the Company shall be those ascertained and certified by the Company's Auditors at the time of such certification or if the Company so desires at the time of the last annual audits of the Company's books (not being more than eighteen months prior to the certification as aforesaid) as an evaluation of the Company's assets and liabilities in accordance with sound accounting practices on the basis that the Company is a going concern.

Article 151. The Directors shall every year after the expiry of five years from the incorporation of the Company before recommending any dividend, set aside out of the profits of the Company for that year, which would be otherwise available for dividend a minimum of twenty-five per cent thereof towards a Reserve Fund to meet contingencies and for such other purposes other than the payment of dividends as the Directors shall in their absolute discretion think conducive to the interests of the Company until the total sum standing to the credit of such Reserve Fund shall amount to a sum equal to the amount at the time being remaining unpaid of the Government advance referred to in the Agreement recited in Article 4 (1) (a) of these presents.

* Being the Agreements referred to in Clause 8 above.

APPLICATION

11. Application for shares should be made on the form accompanying this Prospectus or on the form which may be obtained at the Registered Office of the Company and sent in accordance with the directions contained therein with a remittance of the amount payable on application. Where no allotment is made the deposit will be returned in full and where the number of shares allotted is less than the number applied for the balance of the deposit will be returned. The shares when issued will be subject to the Memorandum and Articles of Association of the Company, a copy of which can be inspected at the Registered Office of the Company during office hours.

12. The Company shall, within nine months after the allotment of shares of the present issue, complete and have ready for delivery the certificates in respect of such shares.

No shares are under option or agreed to be put under option and no payment has been made or agreed to be made to any promoter except reimbursement of travelling expenses.

Application will be made to recognised Stock Exchanges in India in due course for the quotation of the shares.

*Attached to this Prospectus and forming part of it

*Copies of the Memorandum of Association of the Company are available for inspection at the registered office of the Corporation.

is a copy of the Memorandum of Association of the Company.

ARCOT RAMASWAMI MUDALIAR
A. D. SHROFF
GHANSHYAM DAS BIRLA
KASTURBHAI LALBHAI by his constituted attorney Arcot Ramaswami Mudaliar
BIREN MOOKERJEE
J. G. BEEVOR by his constituted attorney Arcot Ramaswami Mudaliar
WILLIAM ROBERT COCKBURN by his constituted attorney Arcot Ramaswami Mudaliar
RUSSEL G. SMITH by his constituted attorney Arcot Ramaswami Mudaliar
DHARAMSEY MULRAJ KHATAU by his constituted attorney Arcot Ramaswami Mudaliar
BADRIDAS GOENKA
S. BHOOTHALINGAM

Dated this Twentieth day of January, 1955.

APPLICATION FORM

This Form should be filled up (along with two specimen signatures as required below) and forwarded entire with cheque or Banker's draft or cash to the undermentioned Bankers and their respective Branches:

1. Bank of Baroda, Ltd; 2. Bank of India, Ltd; 3. Bank of Mysore, Ltd; 4. Central Bank of India, Ltd; 5. Chartered Bank of India, Australia and China; 6. Devkaran Nanjee Banking Co., Ltd; 7. Hind Bank, Ltd; 8. Hyderabad State Bank; 9. Imperial Bank of India; 10. Indian Bank, Ltd; 11. Indian Overseas Bank, Ltd; 12. Mercantile Bank of India, Ltd; 13. National Bank of India, Ltd; 14. Punjab National Bank, Ltd; 15. United Bank of India, Ltd; and 16. United Commercial Bank, Ltd.

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

Form of Application for Ordinary Shares

To, No.....

The Directors of
The Industrial Credit and Investment Corporation of India Limited,
Fort House, 221 Dadabhoy Naoroji Road (Hornby Road), Bombay, 1.

Gentlemen,

I/We send herewith a sum of Rs...../- being a deposit of Rupees One Hundred per Share on.....Ordinary Shares in the abovenamed Company and request you to allot me/us the said number of shares on the terms of the Company's Memorandum and Articles of Association and Prospectus, and I/we agree to accept the said shares or any smaller number that may be allotted to me/us and I/we authorise you to register me/us as holder/holders of the shares allotted to me/us hereunder.

(Signature).....

.....

(Full Name in Block letters).....
(Starting with Surname)

.....

(Occupation).....

(Address in full).....

Date.....

(Applicant's Specimen Signature) (Applicant's Specimen Signature)

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED
Fort House, 221 Dadabhoy Naoroji Road (Hornby Road), Bombay, 1.

No.....

SHARES APPLICATION DEPOSIT RECEIPT

RECEIVED this..... day of.....1955 from.....

..... the sum of

Rs...../- (Rupees.....)

being a deposit of Rs. 100/- per share on.....Ordinary Shares of Rs. 100/- each in the above Company.

For and on behalf of
THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

This Receipt must be carefully preserved by the holders as the Company requires to have it returned duly discharged before delivering the Share Certificates.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954 ..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ,, c ..	343.2	441.0	355 6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100 5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
Week Ending 25-12-1954 ..	319.3	432.4	346.5	374.2	574.2	367.1	90.5	100.7	8.5	114.2
1-1-1955 ..	318.4	429.7	345.7*	374.4	570.5	366.3	90.4	100.7	88.5	113.6
8-1-1955 ..	312.0	437.4*	345.3*	374.7*	563.1*	365.0*	90.5	100.7	88.5	114.5
15-1-1955 ..	313.6	437.4	345.3	375.4	566.9	365.8	90.6	100.7	88.4	115.3

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†
	Bombay			Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	—	134	—	145	143	139
November	344	361	227	139	325	387	—	—	—	146	139	—
December	—	—	—	135	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	29-1-1955			22-1-1955			15-1-1955			8-1-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	92- 0	91- 2	91-11	92- 2	90-12	91- 5	90- 9	88-14	89-11	89- 4	88- 2	88-
Silver (per 100 fine tolas)	161- 9	160- 3	161- 1	161-14	158-11	160- 2	158- 6	155- 8	157- 0	155- 6	153- 3	154-

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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
May 1954	1,220,26	25,62	1,245,88	40,02	688,15	728,17	58.45	96,49	417,75	1,245,88
June ,,	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
Week Ending										
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95
24-12-1954	1,195,62	30,88	1,226,51	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51
31-12-1954	1,200,49	26,01	1,226,50	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50
7-1 1955	1,219,29	15,80	1,235,09	40,02	663,15	703,17	56.93	104,24	427,69	1 235,09
14-1-1955	1,224,51	10,44	1,234,95	40,02	653,21	693,23	56.13	104,09	437,63	1,234,95
21-1-1955	1,219,47	15,69	1,235,16	40,02	653,21	693, 23	56.12	104,30	437,63	1,235,16

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	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
May 1954	93,14	20,61	43,30	46,10	203,15	28,47	241,62	25,90	10,11	65,23	1,12	57,83	71,91	9,51
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,45	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17.94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
Week Ending														
17-12-1954	62,76	11,64	67,57	34,66	176,64	22,08	208,71	26,68	9,13	70,26†	1,92	15,12	76,41	9,19
24-12-1954	62,53	13,72	66,92	34,23	177,41	21,05	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59
31-12-1954	54,89	16,74	69,13	34,39	175,15	20,81	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65
7-1-1955	52,96	11,10	63,83	34,40	162,29	20,65	192,94	16,03	4,75	66,90†	2,75	18,33	74,50	9,68
14-1-1955	55,47	13,94	60,32	33,85	163,58	22,17	195,75	10,75	4,03	76,56†	2,73	20,00	71,93	9,76
21-1-1955	53,36	16,18	63,64	33,74	166,92	22,50	199,42	16,03	2,45	80,08†	1,77	18,64	70,63	9,83

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

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
September ,, ..	549,13	317,19	866,32	33,04	65,75	11.40	442,73	27,49	54.28	305,43
October ,, ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,43
May ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	60,87	62.77	300,46
June ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	58,38	61.32	309,77
July ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	52,83	57.69	314,39
August ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	49,09	56.01	323,14
September ,, ..	525,51	330,22	855,73	31,12	48,48	9.30	422,67	43,68	54.50	331,04
October ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	39,55	53.15	336,85
November ,, ..	525,93	334,01	859,94	32,18	55,21	10.15	414,71	39,76	52 96	338,57
December ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	42,06	53.15	337,21
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
Week Ending										
2-7-1954 ..	546,35	335,62	881,97	32,18	43,57	8.59	469,82	83,26†	62.71	327,31
9-7-1954 ..	544,05	336,96	881,01	31,60	42,95	8.46	467,30	79,87†	62.11	328,04
16-7-1954 ..	550,19	340,47	890,66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,29	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350,15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.81	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66,02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939,15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367,14	939,70	32,25	58,16	9.62	476,03	76,67†	58.82	351,12
21-1-1954 ..	582,91	368,61	951,51	32,95	61,77	9.95	475,00	80,44†	58.38	

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

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

	1951	1952	1953	1954 June	1954 July	1954 August	1954 September	1954 October
I Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs) ..	71,20	66,93	48,11	45,74	53,73	45,48	48,48	54,22
Exports (Rs. lakhs) ..	65,30	51,58	44,26	43,43	46,72	45,58	50,47	47,51
ii Unit Value Index—								
(1948-49=100)								
Imports ..	128	130	115	115	117	111	112	..
Exports ..	160	131	111	111	114	113	114	..
iii Quantum Index—								
(1948-49=100)								
Imports ..	108	105	84	83	96	85	89	..
Exports ..	114	106	108	107	113	110	122	..
II Industrial Production								
i Cotton Cloth (Million yards), ..	340	383	406	407	441	412	410	379
ii Cotton Yarn (Million lbs) ..	109	121	125	124	137	132	130	123
iii Jute Manufactures (000 tons) ..	73	79	72	75	81	78	79	75
iv Steel (Ingots & Castings) (000 tons) ..	125	132	126	131	141	146	133	..
v Paper and paper boards (tons) ..	10,993	11,459	11,642	13,105	13,350	12,802	13,057	..
vi Sulphuric Acid (000 cwts) ..	278	160	180	228	240	289	..	..
Index of Industrial production (1946=100) ..	117	129	135	147	150	148	152	..
III Fuel and Power								
i Coal Production (000 tons) ..	2,859	3,019	2,987	2,885	2,966	2,958	3,171	2,921
ii Coal Despatches (000 tons) ..	2,435	2,591	3,065	2,576	2,810	29,26	2,888	2,787
iii Electricity Generated (Million kwh) ..	488	516	599	629	633	635	648	..
iv Electricity Sold (Million kwh) ..	399	420	455	510	516	511	523	..
IV Industrial Disputes: Number of man days lost (000) ..	318	278	282	205	276	323	383	273
V Employment Exchanges:								
i Number on register at the end of the period (000's) ..	329	438	522	548	589	599	591	569
ii Number of vacancies outstanding at the end of the period (000's) ..	22	23	21	25	23	23	23	26
VI Inland Transport:								
i Railway Freight Ton Miles (Millions) ..	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded ..	569	584	575	553	568	566	556	573
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs) ..	43,86	38,72	..	34,90	31,06	44.01	..	..
ii Import Duties (,,) ..	11,31	10,67	960	10,67	10,57	9,86	10,42	..
iii Export Duties (,,) ..	6,84	4,88	3,09	1,84	2,36	2,05	2,25	..
iv Central Excise (,,) ..	7,66	6,39	7,85	7,77	8,65	7,07	8,33	..
v Expenditure on (,,) Revenue Account ..	23,69	15,67	18,79	14,61	16,05	14,63	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) * ..	210	175	110	1,16	1,30	1,38	141	103

*Last Friday Figures.

Printed and Published by Devi Prasad Sharma at the Hindustan Times Press, for the Eastern Economist Ltd., 1, Queensway, New Delhi.
Editor:—E. P. W. da Costa, M.A. (Oxon.)

AIR FREIGHT EDITION



THE Eastern Economist

VOL. XXIV. NO. 6 NEW DELHI: FEBRUARY 11, 1955 ONE RUPEE

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The USSR: As Before?

"THE Oracle of today", wrote Lord Morley, "drops from his tripod tomorrow...The boat swings; only let the anchor hold". Events in Moscow this week seem to indicate that while yesterday's oracle has been dropped, the anchor holds possibly even more firmly. The advent of Marshal Bulganin, formerly Minister of Defence, as Soviet Prime Minister is an event, the full significance of which has not yet been appreciated. But on one point there should be no doubt. If there was any feeling that the struggle for power in the Kremlin was to produce hesitation in Russia's foreign policy, it has been dispelled at once by the new Soviet Prime Minister's outright declaration of "full support of China on the Formosan issue". "The Chinese People", he said "can count on help from its true friend, the Soviet Union". There was thunderous applause.

This, however, may be only for general consumption. Speculation is still continuing all over the world on the factors which have led to the present shuffle in

the Kremlin. It has been said that changes in the Soviet Union have been frequent enough for us not to attach overwhelming importance to this particular reshufile. The point that is missed is that the topmost point of the Soviet hierarchy has not been touched in the great struggles for power. Trotsky, thirty years ago and Beria last year were, indeed, instances of the displacement of great men near the very top. But the essence of Soviet dictatorship, and indeed all dictatorship, is that the dictator is untouched while he ruthlessly exercises his dictation unceremoniously below. In the present case it is the topmost point of the Soviet Union which has been shaken. Neither in Lenin's nor in Stalin's regime was there an interruption of their ascendancy. In the Third Dictatorship of the Soviet Union the pinnacle itself has been laid low.

The fact that an apparently violent break with dictatorial tradition has been accomplished in this remarkably peaceful, and even parliamentary, manner would seem to suggest that the Communist Party itself has taken a decision in this matter. This must have been on a major policy issue. It is significant that very recently there was announced a rise in the defence budget of the Soviet Union by about 12 per cent and that Marshal Bulganin although not strictly a soldier in his own right wears the colours, and has a military following by reason of his heroic civil defence of Moscow during the war. Again, the appointment of Marshal Zhukov as Defence Minister in place of a semi-civilian would appear to suggest that the Soviet Union is clearing its decks for action. It is surely more than plausible in these circumstances that the replacement of Mr. Malenkov has arisen because of differences in foreign policy brought to a head by the need of a decision on Formosa.

To suggest as Mr. Malenkov did in his confession before the Supreme Soviet that he has failed because "of shortcomings in agriculture" is to accept too naive a view of the present shakeup in the Kremlin. Mr. Malenkov was not primarily responsible for agricultural production although he claims now "to have taken responsibility in that sphere". Again, Mr. Krushchev, a leading figure in the drama staged in the meeting hall of the Supreme Soviet, has been a moving spirit in the same agricultural policy which Mr. Malenkov admits has woefully failed. Indeed, it was Mr. Krushchev rather than Mr. Malenkov who was associated with the extension of the free market and relaxations in the conditions of collectivisation. If this had been purely an internal matter concerned with the administration of agriculture Mr. Krushchev might well have been cast in the same penitent role as the Soviet Premier. On the other hand, the meeting was dominated by Mr. Krushchev who, as Secretary of the Party, led the assembly on both to the acceptance of Mr. Malenkov's resignation and to the appointment of Marshal Bulganin in his place. It is at least plausible to suggest that the failure of agriculture cannot be the whole of the truth. It is significant that foreign policy, not agriculture, was the major resolution at the Supreme Soviet session.

In the light of the rising defence expenditure of the Soviet Union and the promptness with which Marshal Bulganin on February 9 reasserted his full support to China on the Formosan issue, it will not be inappropriate to guess that it was Mr. Malenkov's policy of lukewarm support to China which was at stake. Marshal Bulganin has lost no time in discussing foreign policy; and the combined session of the Supreme Soviet on February 9, unanimously adopted the decree approving the government's foreign policy. The fact that the back of the Soviet Union might be turned against fresh negotiations with the West was also indicated in a supremely relevant sentence in Marshal Bulganin's speech. "The Western Powers are basing their policy not on friendship and co-operation but on positions of strength while the Soviet Union stands for negotiations and relations which lead to a reduction of international tension'. But these negotiations can be successful only if all parties would strive towards this end."

It might be that a change in tone in foreign policy is foreshadowed in these words. This may, indeed, be more than a change in the attitude to Western Powers. The new Premier assured the Supreme Soviet that the Russian Government would "unceasingly carry on the policy elaborated by our own Communist Party and approved by our people—a policy of building up a Communist society in our country, of consolidation of our State and of the alliance between the working class and peasantry, a policy of consolidation of universal peace and security."

What interpretation is to be placed on this last pronouncement? It has a similarity to the clarion calls of Lenin and Stalin associated with the doctrine of world revolution. There is at least a possibility that the USSR has decided now not to hold the People's Republic back. The Free World has probably lost in the Kremlin change one significant degree of freedom. It is sincerely to be hoped that the United States will not ignore this vital fact. At a time when Chinese face has probably been reduced by the evacuation of the Tachen islands, it would be inappropriate for the United States to underrate the possibility that the USSR might have taken a firm decision to embark on a total war if China wills it so.

So far as India is concerned it is necessary that we should show by our words recognition of the gravity of this situation. It is not enough to support the Chinese stand irresponsibly. It is to be remembered that the United States by its refusal to recognise the People's Republic of China is not legally bound, as is the United Kingdom, to recognise that the Yalta and Potsdam decisions gave Formosa to the People's Republic. It is necessary in view of the grave danger of a major international conflict which might conceivably arise that India's neutral position should be safeguarded in a manner which will enable our good offices to be used to stop hostilities rather than to argue legalities. Indications are that the Commonwealth Prime Ministers recognise the dangers of the present situation; it is significant that our own Prime Minister, fully seized of the situation there, has described the Formosan situation as extremely complex. Indian opinion which seeks to simplify this situation as one easy of solution was thus publicly rebuked.

There are other matters besides Formosa which need some attention. Although the doctrine of coexistence has been endorsed, there is a note of toughness in Marshal Bulganin's speech which should be noted. It may well be that the Indian Communist Party may find a new tactical line in the light of the tone in the Kremlin; it may be that it will receive advice as well as encouragement to be less tolerant to the Prime Minister's administration. It is clear that we do not know nearly enough about the manner in which high policy is determined in the Kremlin and the means by which it is transmitted abroad. It is plausible, however, to believe that there has been some significant change in the transmitting apparatus and there may be some change in the reception points. This is a time when Indian patriots will need to pray to God for world peace, but meanwhile keep their own neutralism sweet.

The Expanding Commonwealth

MAINLY by reason of its timing, the Conference of Commonwealth Prime Ministers last week became invested with an importance which could not have been predicted for it when it was first arranged. The developments over Formosa have dominated the London talks since last week because the Prime Ministers assembled there not only represented an important segment of world opinion but were cast in the peculiar role of outsiders in the dispute. They were both individually and collectively removed from the major participants in the present dispute over Formosa. And yet, it was not in any sense a body of entirely neutral opinion that was there reflected. It is certain that the best part of the Chinese claim for Formosa was duly canvassed by India. Australia and the U.K. have shown themselves to be extremely understanding and sympathetic to the present policy of President Eisenhower. The importance of the discussions among statesmen with such divergence of views lay mainly in the belief that any step towards a solution deemed practicable by such a body should commend itself to those to whom it is recommended. It is too soon to say whether the London talks have been successful in producing any such acceptable solution, but it cannot be doubted that they have gone a very long way towards contributing to one.

Is this role of active mediation on world affairs a distinctive characteristic of the Commonwealth alone? There is a large measure of evidence to support an affirmative answer, because both by its far-flung membership and by the method of its consultation, without a prepared agenda or definite agreements at the end, the Commonwealth has seemed to supply a missing factor in world politics at the present juncture. This is not, indeed, a role which was visible clearly some years ago. It has evolved with the widely differing attitudes of its members to the issues of the day, along with their determination to preserve the Commonwealth link in spite of such differences. As a forum in which they could seek mutual understanding, the Commonwealth has been eminently useful in a manner in which it could not have been if the object had been only to evolve common or co-ordinated policies or agreements on specific lines.

This is at once its strength and its weakness. In another sense, the Commonwealth has already proved to be inadequate to meet the entire needs of its constituent members in their external relations. New associations of countries have sprung up, functioning basically on the Commonwealth pattern. The new club of "Colombo Powers" is one such, created to fulfil purposes based on a regional approach. Here again, without identity of policy or of aspirations, a useful clearing house of ideas and information has been established, which seems likely to endure and even to expand. The urge that has been felt by these Powers for a much larger Asian-African association for exchange of opinions on common problems is only an elaboration of this model. Its potentialities may seem dim at the moment, but it provides enough evidence of the need felt for meetings of national leaders which dispense with the ordinary conventions of international diplomacy. The usefulness of the contribution of the Colombo Powers to the settlement of the Indo-China problem at Geneva does not differ in principle from the value of any formula that might eventually emerge from the London talks.

The London Commonwealth gatherings cannot, therefore, be regarded as a new force in world politics, though by virtue of the present Commonwealth membership it is an outstanding one, and has shown itself as such by its role in the Formosan question. If its importance increases with time, it will be because each of its members already is, or is likely to be, associated with other groups and thereby to qualify for understanding and interpreting other points of view. Canada is inevitably bound with the Organisation of American States just as India, Pakistan and Ceylon are linked to South-East Asia, Australia and New Zealand to the Pacific area, or the U.K. to Western Europe. It was at one time the British case that much closer links with Western Europe under the E.D.C. would prejudice British responsibilities to the Commonwealth. That would no longer be strictly true. All but India and Ceylon among the Commonwealth members are linked to some other type of defence and, thus indirectly, of political groupings. The separate discussions on defence held in London last week concurrently with the Prime Ministers' Conference, in which these two countries have not been associated, is an instance of the manner in which expanding needs of the members have been reconciled with the preservation of the strength of the Commonwealth.

The Commonwealth will thus endure because it has set a pattern which it has been useful to follow elsewhere also. In the economic sphere, the Colombo Plan, which started with a limited membership, has similarly widened its jurisdiction irrespective of the political status and association of the newer members. By the same token, one may visualise the constructive possibilities of the Asian-African gathering at Bandung, though it is now starting amidst serious doubts. The ultimate hope, however, is that by the creation of more such clearing houses of opinion, much misunderstanding can be dispelled. All this is only an alternative approach to the problem of the search for security in an insecure world, and for co-operation where there is distrust. It is not indeed an exclusive approach; this is clear from the attitude of those members who have been willing to seek different types of safeguards from their security at the same time.

So long as the present state of distrust and suspicion lasts, there will be valuable results from such widening circles of understanding. And even when suspicion and ill-will decline, if ever, there is a vast scope for utilising these established avenues of understanding for the larger tasks of social and economic co-operation. The beginnings have been made. International co-operation on the peaceful uses of atomic energy, which will be examined next August under the auspices of the United Nations, is only the most spectacular of them all. There are more modest aspirations at much lower levels. The Colombo Powers have a still unfinished topic on their list of examining the scope for mutual economic assistance among themselves, to supplement what is being done under the Colombo Plan. As in the case of co-operation on defence organisations, an expanding economic co-operation may be facilitated by outside initiative as much as by regional and local organisation. There are precedents in the functioning of the sterling area for unobtrusive policies desired in the common interest which have now yielded good dividends.

The British Commonwealth thus happens to be the leading, not the exclusive, club or association on an informal basis. Along with the other groups, it has been a valuable supplement to the United Nations, which at one time was thought sufficient to provide all the opportunities needed for the post-war world for such association. The world's business cannot yet be fully conducted in the formal parliamentary ways inside the United Nations. There has been great need for modern substitutes to the more quiet ways of diplomacy of the pre-war period. Such informal groupings have been the answer.

Communist Art—New or Old?

THE exhibition which opened in New Delhi this week of arts and crafts received from the People's Republic of China is an event which prompts some deeper thoughts. There is no doubt that the initial reception has been very successful, as, indeed, it should be. The quality of the exhibits has commanded high praise and while here and there one would wish a larger selection of things such as jade work, which are not adequately represented, the broad picture is one of adequate display of the artistic impulses of a great people. This, of course, is not all that need be said because there is the question as to how far these traditions are being added to in the Communist regime. The answer seems to be that the regime has led to a new organisation of arts and crafts but has added little or nothing to a new renaissance.

The pursuit of wisdom and passion for beauty, often wildly idealistic, have been the characteristic features of Chinese culture: "Like us", our Vice-President Dr. Radhakrishnan aptly said, "they revered learning, they revered the sages....these traditions are still preserved and are being enriched by influences from outside". Mark the words "still preserved". Any dispassionate visitor to the exhibition will be struck by the absence of any political tinge in the multitude of articles and drawings on display in the galleries. Anyone who seeks anything propagandist in favour of the Reds or inimical to Nationalists will be courting disappointment. And yet not a few of us are obsessed with the impression that on account of the recent political changes in that country, the entire machinery of the State has been geared to turning the proletariat into a well-drilled regiment and that the nation's resources are directed towards industrialisation, leaving little attention to cottage industries and various other handicrafts and arts. But several Indian visitors to China in recent months, having made on-the-spot studies of conditions there, bear witness to the contrary. The present regime maintains zealous devotion to both large nation-building projects and small-scale crafts and arts spread over a number of centres. This, indeed, is as it should be, seeing that the Chinese leaders are only too keenly conscious of the fact that, like India, theirs is still largely an agricultural country and that the majority of the population lives in the villages. As such, the People's Government has been fostering the development of those industries by provision of liberal financial aid and supply of raw materials on a countrywide scale. It should not be a matter of surprise if the output of their crafts has greatly increased.

So far as originality in design or the adoption of new forms are concerned, there is no evidence in this exhibition or elsewhere to show that any striking new developments are under way. It is true that this applies with equal force to previous administrations in this century. The political revolutions in China have not released any great artistic originality; they have tended to give only added strength here and there to ancient forms surviving themselves enough from generation to generation. This survival in itself is almost miraculous seeing the ravages that death and disease have inflicted on the Chinese people in the lowest income branches.

The exhibition confirms the established reputation of the Chinese for making many an ordinary article of daily use a thing of arresting artistic beauty. The pottery, porcelain, silk and cotton fabrics, embroidery, carpets, lacquer-wares, braiding articles, wood carvings and cloisonne all reflect not merely the high degree of artistic maturity attained but demonstrate how economical and utilitarian most of them are and are used in the daily lives of the people. The new regime has created in the villages a class of "model workers" in various crafts. These model workers, it is said, have done outstanding service in making artistic articles at very low cost on a commercial scale and the State promotes them to various administrative posts.

The provinces of Kiangsu, Kwantung, Hunan and Yunnan are famous for their potteries. The present Government has remarkably developed the porcelain industry, with Chingtehchen as its major centre. The production centres of silk brocade and tapestry are Szechuan, Kiangsu and Chekiang provinces. Blue cotton print is a thriving cottage industry in many rural areas. Carpet making is specialised in Peking, Tientsin and Tibet. For ages past, the Chinese working classes are reputed to be deft in making lacquer-wares and braiding articles of daily use with bamboo, straw, wheat stalk and palm fibre. Cloisonne is produced in Peking, and wood and stone carvings in Tungyang and Tientsin.

All this is doubtless the brighter aspect of China's economic life. Whether or not any particular art of a political nature has been deliberately excluded, one cannot rule out the existence of a certain degree of regimentation in China's economic activity. Although this was not on display, one cannot forget the political climate in which the artist has now to function in the People's Republic. The Press there is muzzled and can strike only one single laudatory note. No attempt should be made to hide this and other darker sides of life in Communist China, though here we are only concerned with the benefits or otherwise that the new regime has bestowed on the economic life of artisans and craftsmen. On the whole their lot is better than ever before, as has been corroborated by recent visitors to China from India. As elsewhere, once the masses are ensured their daily occupation and bread, they are seldom concerned about the form of Government under which they live. Therein perhaps lies the tragedy. For man cannot live by bread alone.

Reverting to the exhibition, there is perhaps one omission which can still be rectified. Not a single article is priced either in Chinese currency or in terms of rupees. The organisers and guides assure us that the articles are cheap and within the reach of the common peole. If this is so, it is all the more important that visitors are given at least an approximate idea of the price of the articles and some should be available for sale. If one accepts the view that these exhibits are low-priced, the question one is impelled to ask is, why attempts to make our own crafts and arts equally cheap and useful should not be made: Cannot our own craftsmen and artisans seek to profit by the achievements of their Chinese counterparts? Will it not be desirable to send a team of our working craftsmen and artisans to the numerous centres of China's arts and crafts and enable them to learn the trade? Teams of actual workmen might conceivably yield more fruitful results than the kind of cultural delegations we have been sending abroad. It would also be a step in the right direction to arrange interchange of workmen so that the resultant impact considerably enriches the craft traditions of both countries and proves mutually beneficial. This is an important matter that ought to engage the earnest attention of the authorities.

THE WEEK'S NOTES

THE FORMOSAN PREDICAMENT

China's refusal to appear before the United Nations Security Council was hardly an unexpected development. It would have been surprising if Peking had agreed to appear before a Council which still has a nominee of Chiang Kai-shek as its lawful permanent member. Secondly, a proposal for cease-fire in its offensive operations against Chiang Kai-shek's forces does not differ in principle from a similar proposal if it had been made in the civil war in the mainland which had ended in 1949. There would also be a desire to avoid a cease-fire which even remotely recognises the Nationalist Government as a separate entity with a territory based on Formosa. A different approach is therefore necessary. The Chinese Government must, however, be asked to desist from pursuing Chiang Kai-shek in Formosa, pending a settlement of the future of Formosa by international negotiations. It is unlikely that the Peking Government possesses that mastery of the sea which would be necessary to launch a successful attack on Formosa in the face of the clear warning that has been given of American intervention. Nor can China, and her ally, Russia, overlook the possibilities of such hostilities spreading into another world war.

The utmost that can be immediately expected is a tacit understanding to leave things alone, after Chiang's forces are allowed to be withdrawn from the offshore islands and the Tachens. The status of the islands lying along the coast is important. It is unlikely that President Eisenhower intends to defend Quemoy or Matsu though he has authority to do so. Sir Anthony Eden was categorical when he declared in the House of Commons last week that "they undoubtedly form part of the territory of the People's Republic of China." But he followed this declaration by the strange statement that any attempt by China "to assert its authority over these islands by force would, in the circumstances at present peculiar to the case, give rise to a situation endangering peace and security, which is properly a matter of international concern". This is illogical and can only be understood as evidence of British desire to sympathise with the American object of using these islands as a bargaining counter—a desire which Peking has no obligation to respect. The whole episode brings out the ineffectiveness of the Security Council in discharging its legitimate functions because of the manner of its present constitution. A solution outside this world body has become inevitable.

SMALL POLITICS FOR A "BIG POWER"

The French National Assembly has at last carried out the threat which it had uttered twice before against M. Mendes-France in recent weeks by defeating the Government without hesitation. Regret and disappointment is probably felt in greater measure outside France than within. It is unfortunate that an outstanding Premier, who for the first time in post-war France brought a deep understanding of the French difficulties and great daring in solving them, was shown no greater consideration than his timid and procrastinating predecessors. In less than eight months, M. Mendes-France has left a deep impression on the rest of the world because of his insight and the boldness with which he carried out his policies. There are few others in French politics who are likely to have all his qualities; and, except with great courage, it would be well nigh impossible to deal with the confusing pressures of French politics. M. Mendes-France alone had the strength to proclaim last June the implications of the widespread desire in France to end the Indo-China war. In India, his tenure of office will be remembered for bringing that modicum of commonsense, which was all along wanting, to the question of the future of French possessions in India. If his economic programme and North African policy had been put through, the international position of France could have been greatly enhanced; the set-back on these may prove worse than the uncertainty over the Paris agreements or over the continuity of French policy on other matters.

It is easy to blame the French political system for this instability but there can be very little defence for the utter irresponsibility with which such bold and timely leadership, secured after great trouble and delay, has been thrown away. This is not merely a French problem, because France as a Big Power within and outside the United Nations has responsibilities which it has been able to discharge effectively. There has been no sign of enlightened self-interest even in internal affairs. Such small politics ill goes with the role of a Big Power. If M. Mendes-France had been given time to settle down after securing support for his bold policies on economic reform and on North African territories, he could perhaps have infused some stability in the political system through electoral reform. One could still hope that French political instability will operate in the reverse direction to put him back in office.

PRESIDENTIAL SYSTEM FOR PAKISTAN

Pakistan has at last decided to become a Republic and to stay, like India, within the Commonwealth. This is hardly unexpected; after a formula had been found in India's case to accommodate a Republic within the Commonwealth, this trend was inevitable and might well have shown itself sooner than it has done. What is surprising is Pakistan's decision to choose a presidential type of government to substitute the parliamentary type with which she has been more familiar. The reason for the choice, however, is not far to seek. In the unstable political conditions in which the democratic process has to be worked in the two regions separated by thousands of miles, a stable and strong executive is apparently considered preferable to one based on a precarious parliamentary majority. It is curious that in an atmosphere in which the phrase "controlled democracy" has become current coin, the American system should be regarded as more suited than the British. It is probable that while the chief executive may be invested with equal authority as in the USA, the powers of the legislature would be more circumscribed and the judiciary may not secure a similar status. Yet, the case for a balance of the powers may not be overlooked altogether since already Pakistan is trying to maintain a regional balance, which may be disturbed when the chief executive is directly elected by a simple majority, without any other checks.

In any case, it would be appropriate to consider, in the present climate of readiness to face the realities, the need for a reorientation of goals in favour of a secular State. Such a system need not prejudice the predominantly Islamic character of Pakistan. It would be idle to pretend at this stage that the Islamic State is essential to satisfy Muslim opinion within, since the leaders of Pakistan have at last learnt to mould, not to follow blindly, the irredentist and fanatical groups. Whether the system of government is presidential or parliamentary, it cannot be theocratic if it should claim to be modern in any sense of the term. Such secularism will help Pakistan not only in maintaining stability

within but also a sensible relationship with her neighbour.

THE LITERATES

The Census of India Paper (No. V) on Literacy provides the factual basis for the extent of illiteracy in India. Though based on a 10 per cent sample survey, the figures are reliable as rough indications of the problem of education that has to be faced. One-sixth of India's population of 360 millions was literate in the sense of being able at least to read and write in some language. But five-sixths of these literates had not even attained a middle school standard; of the rest, only 4 millions had reached the higher secondary school stage and among them about 1.6 million persons had been through a university stage. There are wide regional disparities, the percentage of literacy in UP and Central India being below half that of Western and Southern India. Much of this disparity is explained by the low rate of literacy among women which is less than 4 per cent in Uttar Pradesh and Central India as against 13.5 per cent in the South and 12.6 per cent in the West. The regional literacy percentages after excluding all children below 10 shows the following significant variations:

Region	Urban		Rural	
	M.	F.	M.	F.
India ..	54.6	27.0	24.0	6.0
North India (UP) ..	48.0	20.4	17.6	2.2
East India ..	52.9	31.6	24.2	5.3
South India ..	59.1	30.8	34.8	12.7
West India ..	62.3	31.7	33.2	8.1
Central India ..	50.5	19.1	17.1	2.0
North-West India ..	45.0	21.0	14.0	3.3

While the position is best in Western India in respect of the percentages of literacy in the urban sector, South Indian States have a better showing in the rural percentages. There were only 500,000 women who had reached a higher secondary school standard, as against 3.3 million men; but whereas nearly two-fifths of such women had secured degrees or diplomas also, only less than a third of the men had degrees or diplomas, indicating that the well-to-do women were larger in percentage than the men. The data on professional degree or diploma holders provide indications of the supply of personnel in various fields for the expansion of activity under the second Five-Year Plan.

PROGRESS OF INTERIM COMPENSATION SCHEME

Addressing the Advisory Board constituted under the Displaced Persons (Compensation and Rehabilitation) Act, 1954, Sri Mehr Chand Khanna, Union Minister for Rehabilitation, commented on the progress made by his Ministry. The Minister reported that up to the end of January 1955, some 41,000 displaced persons had been paid Rs. 9 crores as compensation, of which nearly 75 per cent had been paid in cash. In addition 1.9 lakh acres of agricultural land had also been given in compensation. Practically all persons falling in the priority categories of 'maintenance allowance', 'mud huts', 'home and infirmaries', and 'cash doles' had been paid off. It was revealed that 8,600 out of some 14,000 widows who had received compensation in their own right, also received rehabilitation grants.

Sri Khanna went on to remark that only a third of the 20,000 applications for compensation from residents of new townships had been paid, because the net compensation due is in many cases much less than the value of tenements occupied by them. Whereas such persons were not anxious to expedite disposal of their applications, others to whom more than the value of the tenements is due, are not coming forward to claim the excess amount in cash offered to them. Nearly 3,500 evacuee properties and Government-constructed houses and plots, valued at Rs. 1.44 crores had been sold to claimants who were allowed to adjust the compensation due to them against the price. Thus properties worth Rs. 1 crore have been sold to non-priority category claimants. Some 1,89,278 acres of land and groves valued at Rs. 34 lakhs have been allotted to 8,782 claimants mainly in Rajasthan, Hyderabad, U.P., and Bhopal.

The Minister revealed that the final scale of compensation is under consideration and that compensation would be paid in instalments as the pool mainly comprises property and realisations. The fact that more than half of the allottees in refugee townships are non-claimants is proving a great difficulty to the Ministry, as realisations are likely to be spread over a number of years. Towards the solution of this problem Sri Khanna suggested the division of townships into three categories: (a) allottees or purchasers would have to pay the full price or adjust against compensation due, (b) pay 50 per cent, and in the case of (c) only 25 per cent. The balance would be recovered over a number of years. Adjustments were intended to be made to the full extent of the compensation due in the final scheme; previously the scale was only half. The Board has been asked to finalise its report and amendments to the draft rules during the Budget Session to enable their early perusal by Parliament. Provision is also being made to accommodate those who either failed to make claims in time or arrived late from Pakistan.

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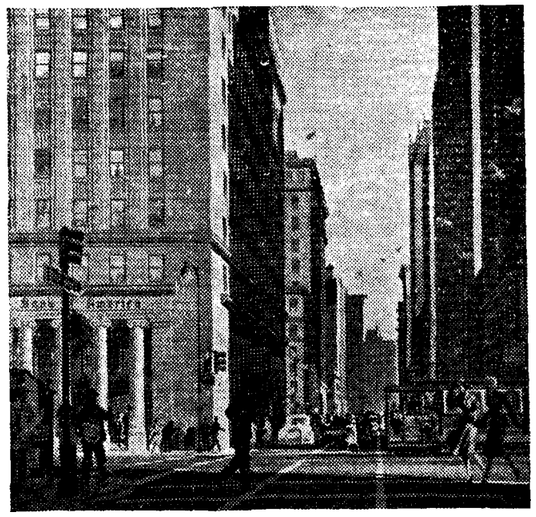
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Condensed Statement of Condition December 31, 1954
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RESOURCES

Cash and Due from Banks	$ 1,456,524,519.87
United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,393.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,355,289.49

LIABILITIES

Capital	$ 150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,455,800.10	
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$ 4,192,260,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		278,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,355,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES

Cash and Due from Banks	$ 55,982,847.06
United States Government Obligations, direct and fully guaranteed	29,385,414.50
Other Securities	47,976.62
Loans and Discounts	56,929,157.92
Accrued Interest	234,154.75
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,529,141.00
Other Resources	397,641.43
TOTAL RESOURCES	$188,406,334.06

LIABILITIES

Capital	$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	942,355.35
TOTAL CAPITAL FUNDS	$ 13,942,355.35
Reserve for Possible Loan Losses	907,299.44
Deposits	126,558,914.23
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances	
Bills and Notes	46,922,451.63
Reserve for Interest Received in Advance	321,628.99
Reserve for Interest, Taxes, etc.	552,483.98
TOTAL LIABILITIES	$188,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

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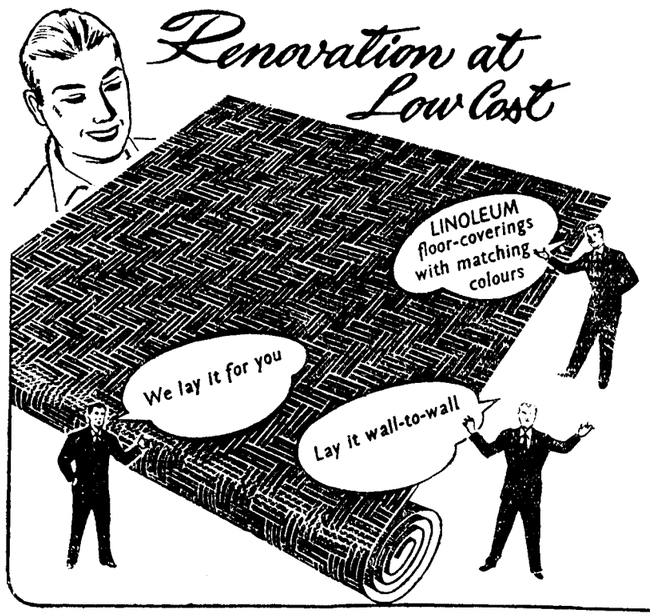
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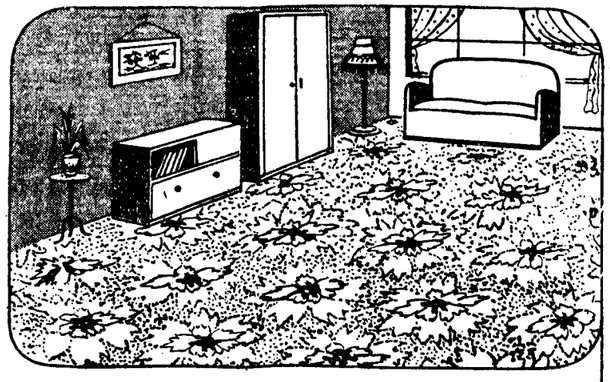


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WORLDGRAM

AGRICULTURE

Work on Kosi Project Begun: The work of taming the Kosi River which annually lays waste some 21,000 square miles and affects the fortunes of some 18 million people has begun. In November 1953, the Central Water and Power Commission drew up a plan which was approved by the Union Government in December the same year. The plan includes (1) a 3-mile barrage some two miles above Hanumannagar, partly in Bihar and partly in Nepal. This is expected to divert between 50 thousand and 1 lakh cusecs of water into the four old channels of the Kosi and irrigate nearly 14 lakh acres on the eastern side; (ii) two lines of embankment on the eastern and western sides; (iii) provide diversion channels, and reduce the intensity of flood in the present flow area; (iv) a canal system from Bhimnagar to Araria with four main distributaries; and (v) construct dams in the mountain kholes to prevent erosion, and construct an earthen dam for the purpose of silt control. The barrage is estimated to cost Rs. 13.27 crores, the flood banks and protective measures Rs. 10.67 crores, the Eastern Kosi Canal and branches Rs. 13.37 crores and irrigation in Nepal (2 lakh acres on the eastern side) Rs. 2.95 crores, the total estimates being Rs. 40.26 crores.

*

Wild Cotton Exploitation Approved by Indian Cotton Committee: The scheme for intensive exploitation of wild species of cotton for improving cultivated cottons in Madras State has been approved by the Indian Central Cotton Committee. The scheme is expected to cost Rs. 1 lakh of which about Rs. 94,000 will be met by the ICCC, and the balance by the State. An officer of the cotton section of the Madras Agriculture Department is to be sent to the U.S.A. shortly to study the technique and methods adopted in that country for evolving hybrid strains. Besides the wild cotton varieties from U.S.A., varieties from Egypt, Sudan and the West Indies will also be brought over to India. As against an all-India total of 16 million acres under cotton there are about 9 lakh acres under cotton cultivation in Madras State.

*

Exploratory Tubewell Programme in India: The Government of India's project for sinking 350 exploratory tubewells in 16 States throughout the country has started in the Narmada Valley. The first batch of drilling equipment, part of which is capable of drilling up to a depth of 1500 ft. has arrived in India and has been taken to the Valley. The project is being operated by the Government of India departmentally under the Indo-American Technical Assistance Programme and work is likely to be completed by June 30, 1957. Equipment worth $75 million has so far been received and the balance, likely to cost another $1.5 million, is proposed to be procured on an emergency basis. Large-scale tubewell construction in these areas under the second Five-Year Plan will depend on the results and data obtained under this programme.

TRADE

Japanese Record Exports: The Japanese Ministry of Trade reports that the total value of exports rose in 1954 to $1,610 million from $1,226 million in 1953. Exports to the Sterling area rose from $341.75 million in 1953 to $550.41 million in 1954. Dollar exports gained from $489.75 million in 1953 to $532.3 million. The value of woollen exports rose by 154 per cent; that of cotton goods by 34 per cent; chemical fibre goods rose 33 per cent; timber 78 per cent; paper 86 per cent; chemicals 53 per cent and non-ferrous metals 71 per cent. Only fats and oils declined by 4 per cent.

Export of Polish Chemical Products: Poland is exporting chemical articles in an increasing range to 42 countries of Europe, Asia, Africa and America. The value of her chemical exports, whose degree of processing is steadily rising, is expected to increase this year by some 9 per cent as compared with 1954. Among the most important chemical articles exported by Poland are: various products of the coke-chemical industry which find wide application in the production of dyestuffs, pharmaceuticals, paints, lacquers, plastics, etc.; several products of chemical synthesis, like carbide, carbon and graphite electrodes, anode mass, dyestuffs of a wide range of colours and shades, medicines; and a number of goods produced by inorganic industry. The structure of the Polich chemical exports was considerably changed last year. Instead of selling abroad basic chemical raw materials, there is a shift over to the export of articles which are the result of the processing of these raw materials.

FINANCE

Swedish Record Budget for 1955-56: A record budget of Kr. 9,506 million (£655 million) for the 1955-56 fiscal year, or Kr. 903 million more than for the current year, was presented to the Swedish Riksdag which opened on January 11. The Estimates show a surplus of income over expenditure of Kr. 400 million, Kr. 350 million of which, however, is transferred to the Budget Equalisation Fund. Defence shows a decrease of Kr. 600,000 to Kr. 2,019 million. Social Welfare and Education account for nearly 40 per cent of over-all budget outgoings, the former increasing by Kr. 143 million to Kr. 2,519 million mainly as a consequence of the introduction of the national health insurance scheme, and the latter by Kr. 78 million to Kr. 1,065 million most of which is for elementary and vocational schools and for a reinforcement of higher education. Under the Ministry of Communications estimates at Kr. 858 million, some Kr. 732 million relates to building and maintenance of roads. The Budget Speech underlined the necessity of a restrictive economic policy and of reinforcing the anti-inflation measures. Both employers and employees are urged to show restraint during wage negotiations in order to maintain stability in Sweden's economy and not to endanger the country's international competitive power. A tightening-up of credit restrictions and depreciation practices is recommended, as well as continued price control and a liberal tariff policy as necessary countercyclical measures. Gross investments now amount to over 30 per cent of over-all production, against some 25 per cent in 1946. A further increase in the volume of investment will not be compatible with an equilibrium in national economy.

*

U.K. Gives £80 Million for Colonial Development & Welfare: A new Colonial Development and Welfare Bill introduced in the U.K. House of Commons recently provides an extra £80 million from the U.K., for colonial projects during the next five years. The funds available during the period will amount to nearly £120 million for, in addition to the grant now announced, nearly £40 million provided and fully allocated under the existing Acts will be carried over into the new period. The grant is based on an assessment of the needs of colonial territories for direct grant assistance over the next five years. A total of £120 million was provided by the Colonial Development and Welfare Act of 1945 for the 10-year period ending March 31 next year. When by 1950 nearly all this amount had been earmarked for specific purposes, an amending Act increased the total provision to £140

million. In all, expenditure on development programmes by colonial governments has risen from about £57 million in 1950 to about £110 million per annum in 1953. Colonial Development and Welfare funds account for 13 per cent, and loans on the London market for 18 per cent, the remainder of the cost of plans being found locally. In addition the U.K. is responsible for the defence of these territories, contributes large sums towards the cost of emergency expenditure, and furnishes technical help of all kinds by fostering research and making experts available. Finally, the U.K. offers the largest single market for the products of colonial territories on which their economies depend.

*

Quarterly Summary of World Bank Activities: The World Bank continued a high rate of lending during the final quarter of 1954 by making loans totalling $57,300,000 for key projects in Belgium, India, El Salvador, Peru and Columbia. The Bank participated in a joint financing operation with private investors for the first time which included, along with a loan from the Bank, the flotation of a public bond issue in the United States market. Apart from the joint loans to Belgium, private capital also participated to an increased extent in the Bank's own loans. There was some private participation in all other loans which the Bank made during the quarter. Of the $37.3 million lent in these transactions, private U.S. banks agreed to provide about $5.4 million. Lending during the quarter brought the total of World Bank loans to date to approximately $2,064 million.

INDUSTRY

Tin Production During 1954: Production of tin-in-concentrates during 1954, by Indonesia totalled 35,627 tons as against 33,823 tons in 1953. The Belgian Congo produced 12,799 (15,292) tons and Thailand 9,775 (10,126). The International Tin Study Group further reveals the amount of metal production in 1954 at 27,475 (28,860) tons for the U.K.; 11,377 (9,039) tons in Belgium and 1,944 (2,715) tons in the Belgian Congo.

*

Standardisation of Machinery for Indian River Valley Projects: The Government of India have accepted the principle of standardisation of mechanical equipment used on river valley projects in the country subject to the condition that the position will normally be reviewed after every five years or earlier, if necessary. The decision is in accordance with the recommendations of the first meeting of the Co-ordination Board of Ministers for River Valley Projects held in October, 1954. The Government have accordingly constituted a Standing Committee for recommending the standardised makes of equipment to be used on projects now under execution or to be taken up in future. The Committee is to submit its report by March 31, 1955.

*

Indian Committee on Indigenous Capacity for Railway Equipment: A Committee has been instituted to advise the Indian Government on the more intensive utilisation of indigenous capacity for railway equipment, particularly for the manufacture of special type of wagons, narrow gauge locomotives and other stock and fittings used on railways, which are imported at present. The terms of reference of this Committee include: (a) self-sufficiency in the production of railway equipment to the maximum extent possible, (b) to locate idle capacity in India for the manufacture of railway equipment and rolling stock, at present imported; and (c) to suggest ways and means of expanding the existing plants and/or of setting up new industries in India for producing items of railway equipment, which cannot at present be manufactured with the existing resources.

MISCELLANEOUS

U.N. Committee for Atoms-for-Peace Conference: The 7-nation advisory committee planning the U.N. World Scientific Conference on atoms-for-peace in Geneva is completing rules of procedure for the conference and other organisational details. Participation at the conference is to be limited to members of the U.N. and its specialized agencies. The Committee is made up of representatives of India, Canada, Brazil, France, U.K., the U.S.S.R., and U.S.A. Some 80 countries are eligible to send representatives to the scientific gathering under the rules laid down by the U.N. General Assembly. The conference is expected to be held sometime in August this year.

*

United Nations Map-Making Conference in India: A U.N. Regional Cartographic Conference for Asia and the Far East will be held at Mussoorie from February 15 to 28, 1955. The Government of India will act as the host at the Conference which will be attended by representatives of Australia, Burma, Egypt, the Federal Republic of Germany, France, India, Indonesia, Iran, Iraq, Israel, Japan, the Netherlands, Pakistan, Philippines, Syria, Thailand, Turkey and the United States of America. Specialized agencies like the FAO, ICAO and UNESCO will also participate in the work of the Conference.

*

Institute of Atomic Energy for Pakistan: The Government of Pakistan are to establish an Institute of Atomic Energy. The Institute will further the U.N. Atoms-for-Peace Programme and will be run by a Committee, whose functions will include: (i) preparing an atomic energy programme; (ii) survey and assessment of radio-active materials; (iii) draw up a plan for the Institute (location, staff, machinery, equipment, etc.); (iv) a two-year programme of work for the Institute.

*

Land Nationalization in Burma: With the passage in Burma of the Land Nationalization Act of 1953 and the Land Nationalization Amendment of 1954, the enforcement of the Land Nationalization Rules 1954, and actual distribution of resumed land to tenants and labourers has commenced. In June 1954, some 125,647 acres or 2 per cent of the total area to be re-distributed was given to 16,246 households consisting of 13,894 tenants and 1,053 farm labourers. The average area distributed is about 8 acres per household.

*

Labour Survey in Israel: Israel's civilian labour force consists of 561,400 persons, according to preliminary statistics from a survey conducted during 1954. During the period under review the total population above the age of 14 was 1,145,300; in addition to the 561,400 regarded as the national labour force, the survey reveals 354,300 housewives and 229,600 persons not gainfully or productively employed. These include members of the defence services, students, persons living on private incomes or pensions, and those unfit to work. In the survey which covered 14,790 families (11,080 being Jewish, others Arab) it is revealed that in the Jewish section of population, agriculture, afforestation and fishing absorbed 14.9 per cent; mining and quarrying 0.4 per cent; industry 23.0 per cent; electricity, water and sanitation services 19.0 per cent; public works and construction 9.7 per cent; trade, banking and insurance 12.8 per cent; transportation and storage 6.6 per cent; health, education and social welfare services 10.3 per cent, and the administrative, government and personal services 20.4 per cent. Among the Arab community some 57.5 per cent were employed in agriculture.

NEWS IN BRIEF

INDIAN

The Indian Government have granted licences for manufacture of ferro-manganese to five firms—Tata Iron and Steel of Jamshedpur (Bihar); Jaypore Mining Syndicate of Madras for work at Razagada (Orissa); Indian Ferro-alloy of Gomhorria (Bihar); Kambata Industries of Tumsar and Madhya Pradesh; and Electric Metallurgical Works of Bombay. The combined annual installed capacity is 105,000 tons.

*

Some 500 entries have been received for the Army Horse Show being held at Delhi from February 11 to 13. Entries have been received from military, police and civil breeders from all parts of the country.

*

The Government of India sanctioned a sum of Rs. 10.17 lakhs to various applicants during December, 1954, for the construction of 483 one-room single-storey tenements under the Subsidised Industrial Housing Scheme. This brings the total amount sanctioned up till December, 1954 to Rs. 12.25 crores.

*

The Union Minister for Health recently performed the opening ceremony of a medical college at Patiala, PEPSU. The opening of this college brings the total number of medical colleges in the country to thirty-five.

*

The Government of India are to continue the French Fellowships Scheme, and will award six Fellowships tenable for a period of two years (beginning academic session—1955) to suitable French graduates for research work at Indian Universities. The minimum value of the Fellowships has been fixed at Rs. 500 per month.

*

The total area of land reclaimed for cultivation in the first three years of the Five-Year Plan is over 12 lakh acres. About 1.29 lakh acres were reclaimed and 4 lakh acres brought under cultivation within two years (up to October 1954) of the implementation of the Community Projects and NES schemes.

*

The Community Project Trade School at Dhanuvachapuram, south of Trivandrum, in Travancore-Cochin State was constructed on a donated site at a cost of Rs. 3.75 lakhs. The School will impart trade training in Carpentry, Smithy, Foundry, Machineshop, Auto-mechanics and Electricity.

*

The Union Ministry of Commerce and Industry are to conduct a survey of units in the Indian cotton textile industry, to collect data on the condition of machinery and equipment and the financial position of mills, with a view to assessing requirements for rehabilitation, where necessary.

*

The Government of India have released for free sale about 90,000 tons of sugar. This brings the total releases made so far to 50 per cent of production up to January 22, 1955, of all the sugar factories in the country.

*

An exhibition on the progress of India's first Five-Year Plan is to be organised at the Milan Samples Fair being held during April this year. Milan is the second foreign venue for such an exhibition; the first was at Lausanne.

*

The Union Minister for Rehabilitation, whilst inaugurating the Regional Settlement Commissioners' Conference, stated that over 30,000 applications for interim compensation had been dealt with and the total Compensation Pool including evacuee property and other assets was estimated at about Rs. 200 crores.

FOREIGN

It is estimated that at the beginning of 1955 the Dutch merchant fleet totalled 1,337 vessels of 3,375,610 gross registered tons, against 1,305 vessels of 3,287,241 gross registered tons a year ago.

*

According to information received from the Institute of Life Insurance in New York, life insurance in Britain has increased by 54 per cent, and in the U.S. by 64 per cent since 1948. The biggest increase recorded in the six years ending January, 1954, was in Japan at 547 per cent.

*

The East Pakistan Government, in order to maintain an economic price and ensure better returns to growers have limited the production of jute during 1955-56 to 5.5 million bales. Low quality jute production has been banned. Last year's carryover is estimated at 1.2 million bales and the current year's production at 3.9 million bales.

*

Some 3,000 delegates are expected to attend the fourth World Petroleum Congress to be held at Rome from June 6 to 15. The delegates will discuss scientific, technical and economic problems of the oil industry in nine working groups.

*

Malayan production of tin-in-concentrates during 1954 at 60,691 tons establishes a post-war record. The Federation of Malaya's collections from export duty on tin in 1954 totalled (Malayan) $53.5—M.$1 million above the revised estimate and M. $16 million above the original estimate for 1954.

*

Canadian newsprint rated capacity for 1955 is 6,064,489 tons or 19,559 tons daily, representing an increase of 144,572 tons over 1954 and entailing a daily increase of 529 tons. The total output during 1954 was 5,984,207 (5,721,296 in 1953) tons, and total shipments 5,970,461 (5,732,564 in 1953) tons.

*

During 1954 French exports expanded by 18 per cent from Frs. 818,122 million in 1953, to Frs. 965,674 million. Imports were only slightly higher at Frs. 1,110,775 million compared with Frs. 1,092,937 million in 1953. The improvement occurred in trade with OEEC countries (non-sterling) to which exports rose 25 per cent and imports only 7 per cent.

*

It is reported that the Iraq Government received 572 million dinars in oil royalties during 1954, of which some 40 million dinars were allocated for Development Board projects. The 1953 figures were 49.7 million and 34.8 million dinars respectively.

*

South Africa's public debt totalled £884,549,789 sterling for the financial year 1953 to 1954. A total of 6.97 per cent of the debt is external. The total nominal value of Union Government stock, formerly domiciled in London and transferred to the local register on March 31, last year was £9,359,788 sterling.

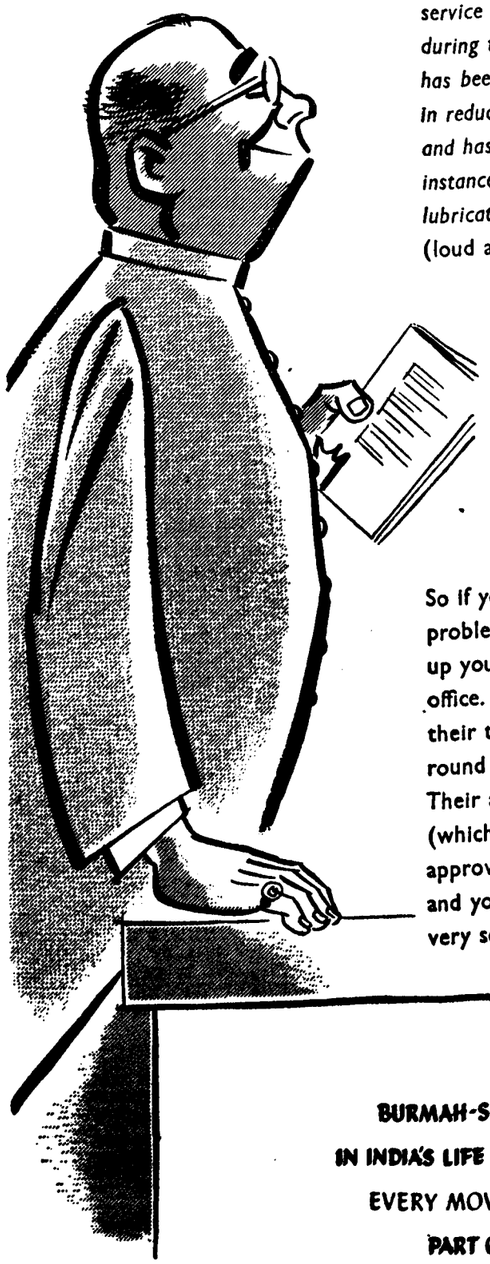
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It is announced that eighteen foreign nations, including the USSR will participate in the international trade fair being held in Japan during the month of May this year.

*

It is announced that the UNICEF has approved a further allocation of equipment and supplies valued at Rs. 875,000 for two special health programmes in Ceylon in 1953.

"Gentlemen! we are all agreed...



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A Window On The World

WHAT IS "WESTERN EUROPEAN UNION"?

By

ODYSSEUS

TO MOST PEOPLE IN INDIA, the affairs of Europe seem remote. Interesting possibly, but, now that independence is here, hardly of immediate importance. Such an attitude is unrealistic in this hydrogenic age. Whether, for example, the Western Europeans prove capable of maintaining their unity towards the USSR unbroken in the face of their own centuries old internecine quarrels, and despite the tremendous effort that the USSR is now putting forth to make Europe feel that all this "fantastic" expenditure on arms is unnecessary, and that it can do no one any harm if the British and the Americans withdraw their paltry eight divisions from Europe and get the other free countries to demobilise while the Soviets and their satellites continue to maintain the one hundred divisions, that they keep in Europe (these are round figures. I gave the details here on January 21)—whether, I repeat, the Europeans are capable of rising above their quarrels in the face of Soviet "peace" talk is of immediate concern to the future of Asia.

Because, for at any rate some decades to come, Germany, France, Britain, and the Benelux countries will remain the most highly advanced sources of industrial power in the Euro-Asian land mass. The West Europeans have no incentive to start a war with the USSR. If they won the fighting, peace would find their sources of wealth in ruins. The high standard of living of the Western European masses would be dramatically stricken. The reverse is not true. If the USSR were to win a war against West Europe the existing Soviet standard of living is relatively so low that no fall in it would strike its masses as dramatic. Indeed, their standard might be more quickly raised by acquiring satellite control of Western sources and equipment. And finally, without the European power, India's policy of neutralism would have no sanction behind it, for there can be no policy that has no support.

So it is time that we started worrying about the unity of Europe. Let us see where it has got to.

PICKING UP THE EDC PIECES

As I said earlier in this History of Our Own Times, the communist invasion of South Korea by placing a heavy burden on the USA led the Americans to insist that Germany should play her part in the defence of Europe, and so re-opened the whole problem of European unity once more in 1950.

Thrice invaded since 1870, France shivered in fear of a sovereign, re-armed Germany. The French Premier, M Pleven, tried to reconcile German power and French weakness by a plan to create a common European army, under the supranational control of a European council. In effect, France would forego some part of her sovereign control over her own armed forces in order to render Germany innocuous by ensuring that she did the same. Britain declared herself ready to give a European army the fullest support short of entering a European union. Although M Pleven's scheme was supported by an influential minority, French opinion as a whole was divided, so that as time passed French reluctance grew. France asked for re-assurances to cover gaps in the working of the plan, but every time assurances were given, she brought new gaps to light. At length, there appeared in M Mendes-France a French Premier with sufficient courage and skill to compel France to take seriously her responsibilities towards Europe and to compel Europe to realise that the "European Defence Community" (EDC) unless substantially modified would never be accepted by French public opinion. The EDC powers tried to meet M Mendes-France's proposals which would in effect have refurbished French sovereignty at the expense of Germany, but they could not satisfy him without involving themselves in a reversal of their own policies that would have compromised their internal parliamentary positions. The French National Assembly then rejected the EDC treaty on August 29, 1954, by 319 to 264, with 43 abstentions.

The international crisis thus precipitated was the gravest that the free world had faced since the end of the war. The problem was to overcome the traditional mutual suspicion of France and Germany in order that they, the two strongest continental powers outside the Iron Curtain, could help, with Britain and the USA and the rest of Europe, to contain the communist powers.

In deciding to enrole Western Germany on the side of free Europe, Dr. Adenauer's difficulty had been to overcome the fears of his fellow-countrymen that alliance with the West would bring with it the permanent partition of Germany. He had presented it to the Germans as the best way back to a Germany that would not only be united but free. There was no point in being "united" as a Soviet satellite.

THE AGONISING RE-APPRAISAL

The EDC treaty was (1) a constellation of security pacts and mutual guarantees which wove the policies of the six signatories into a pattern with those of Britain and America, and (2) a European "ideology" which it was intended should eventually find its apotheosis in a fully fledged European federation. France's rejection of EDC created (1) a political, and (2) an ideological, vacuum. Overnight, (1) the all-European policy of the free European powers, together with Britain and the USA, lay in ruins, and (2) ideologically there seemed no faith to take its place.

The first danger was that disillusionment with the concept of European unity as a glorious challenge to the USSR and communism, would be exploited by the political opposition in France, Italy, Germany, the Netherlands, and everywhere else. In several of these countries there are solid blocks of communist votes. The second danger was that the present majority in the USA, in the confusion and the disillusionment of US public opinion, under the impulsion of those who had always been impatient with, and distrustful of, Europe's divisions and animosities, would agonisingly re-appraise itself either into some dramatic and perilous action or into an as perilous inaction.

Mr. Dulles's warning of December 14, 1953, that if EDC were not ratified, the USA might be forced to an "agonising re-appraisal" of its basic policies suggested lack of diplomatic flexibility: a wooden adherence to the established "line"; fear that alternatives might run into trouble as "unorthodox"; a tendency therefore to try to solve deadlocks and overcome oppositions by bludgeoning and ultimatums—shock tactics, "shot-gun

diplomacy". The American Senators largely responsible for Mr. Dulles's toughness failed to notice, however, that every American attempt to galvanise the French National Assembly into some kind of action by threat had, in fact, only paralysed it with resentment.

After France's rejection of EDC, the obvious next step seemed a conference of the powers affected to examine possible alternatives. At first, the State Department had in mind an emergency meeting of the NATO council until someone reminded them that it was M Mendes-France's turn to be chairman! They were so mad at what they regarded as his treachery that they let the proposal drop. Nor did they welcome a suggestion from Eden that a nine-power conference be held at once in London. The State Department was as paralysed by its agonies as the French Assembly had been by the threat of them.

Statesmanship is not merely the pursuit of the ideal within the bounds of the practicable, it is also the constant effort to extend those bounds. Up to August 30, 1954, the pursuit of the ideal had, for Eden, been to do all possible to hasten French ratification of EDC, but after the National Assembly's rejection, Eden saw that it was urgent—a matter of days, not weeks—to extend the bounds of the practicable to find a substitute for EDC. Drift would be fatal, and as Washington apparently could think of nothing, Eden decided that he must take the initiative of soundings in the Western European capitals. He saw the point of departure for a possible substitute for EDC in the dormant Consultative Council for common defence embodied in the Brussels Treaty between Britain, France, and the Benelux countries of March, 1948. To this could be added the admission of Germany to NATO, which contained a European army within its framework.

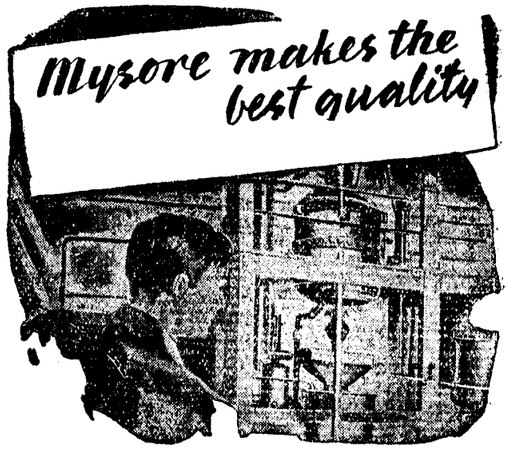
Eden must have realised that his formula was full of difficulties. How could Germany be admitted to the Brussels Treaty or to NATO without French consent? Would the French be adamant that a rearmed Germany must be subject to control? Neither the Brussels Treaty nor NATO would wholly cover these points. Without EDC, Eden could only hope that Germany would accept some form of voluntary limit on the numbers of her army and its weapons. What guarantee would there be that Germany would observe such restrictions? France would just have to take Germany's word for it! What a hope! These treaties would not satisfy Germany's demand for equality of treatment and France's for re-assurance that, if Britain and the USA were to withdraw from Europe, France would not be left alone with a rearmed Germany. Eden was aware of all these objections, and of a score of others, but was he therefore to do nothing? Or was he to make yet another effort to re-sort the existing possibilities so that they might be transformed into an extension of the boundaries of the practicable?

For the answer to these palpitating questions, see next week's instalment of this History of Our Own Times.

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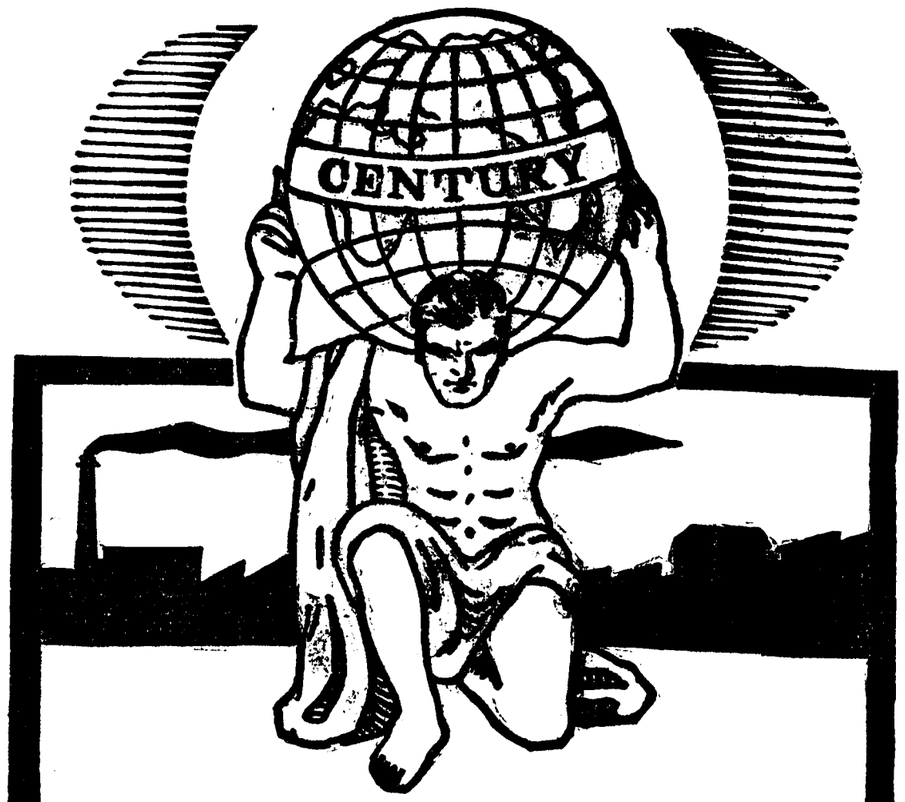
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A DELHI DIARY

HOW THEY FALL!

THE week has been full of fallen Prime Ministers. Lest our own contribution to the lists should be overlooked, I hasten to claim fifty per cent for Indian performance in this exciting field. I hope I will not be accused of frivolity when I place these two Indian instances alongside the fall of M. Mendes-France in France and of M. Malenkov in Moscow. I suggest, although there may be something grotesque in the comparison of the Chief Minister of Delhi State with the highest pinnacle of the Soviet Union, that to the fallen Minister, the feeling must be the same in both cases. There is this to be said of Chaudhry Brahm Prakash that he has assumed an almost Malenkovian attitude of acceptance to dismissal: he has promised all support to the incoming Chief Minister; although there has been no public announcement to this effect it is believed that he will be quite willing to strengthen Congress prestige in the Delhi State by admitting that he made some mistakes. It might even be appropriate for the new Chief Minister of Delhi State to take a leaf from Marshal Bulganin's diary and appoint the retiring Chief Minister as a Minister for Light Industry, since (unhappily!) Delhi State can boast of no Ministry for Power.

No one seems to be shedding many tears about the fall of the ministry in Delhi State. I have heard in the last week many unkind remarks about the right of this State to exist. It is constantly said that the State is far too small to afford an "independent" democracy, and that this was a magnificent opportunity for correcting an error which someone (nobody knows who!) once made. There was, indeed, in the course of the resolution of differences by Pandit Pant, a reference to the possibility of President's rule. It seems a pity that in the end it was decided to maintain the extensive trappings of a political administration, which is quite clearly a great consumer of this State's paltry finance. In saying that the time is ripe for a reduction of Delhi State (as well as any other excessively small unit!) I mean no disrespect to the new Chief Minister, Mr. Gurmukh Nihal Singh who is a scholar and an administrator who commands high respect in this State. I attach special importance to the point that he was Principal of a Commerce College and will, therefore, presumably give some additional attention to economic affairs. I offer him my congratulations with a hope that the States Reorganisation Commission might soon decree his little kingdom unnecessary so that he will return to scholarship to which he properly belongs.

WISHFUL THINKING—PLEASE!

I must express deeper concern about the fall of Mr. Pattom Thanu Pillai's government in Travancore-Cochin. I deeply regret the action of the Congress Party of that State which has cast aside the best administration that the State has had in recent years for ends which seem to everyone very improper. Perhaps good administration in Travancore-Cochin necessarily implies firmness and a certain indifference in demeanour. It is possible that Mr. Pattom Thanu Pillai might have won more popularity by conceding more to his political supporters, but I wonder whether this would have meant better administration in Travancore-Cochin. I have a feeling if the Chief Minister had not administered on his own terms the quality of his administration would not be very different from that of many ministers in the State who have gone before. I, therefore, acclaim his decision to resign rather than to unbend before his opponents. I believe that his personal prestige is so strong that it will be extraordinarily difficult for a Ministry to be formed in Travancore-Cochin without him. I wonder whether second thoughts, particularly after the Prime Minister's return, will not lead to a coalition between the Praja Socialist Party and Congress Party with Mr. Pattom Thanu Pillai back at the helm. I make this prophecy in the teeth of all indications to the contrary; after all since wishful thinking is so popular in New Delhi, I might as well as indulge in this acceptable game on my own!

JUSTICE RAJADHYAKSHA

The untimely and sudden demise on Wednesday of Justice G. S. Rajadhyaksha in Bombay removes from public life the most-sought-after chairman of commissions inquiry. It is difficult to enumerate here the wide range of tasks and the various committees and commisisons over which he presided or actively served with unique distinction, but the very fact that both the Government and the public, employers and employees, reposed great trust in him is a tribute to his ability to enter into the minds of all concerned and his sense of uncommon understanding and impartiality. Public memory is proverbially short, but apart from his earlier adjudication of labour disputes in ports, railways and banks, no one can afford to forget at least the two monumental tasks which he undertook in the evening of his life. I refer to his Chairmanship of the Press Commission and his one-man inquiry into the all-India bank dispute resulting from the Central Government's modification of the Labour Appellate Tribunal's Award. It is distressing to note that Justice Rajadhyaksha, who very recently expressed the hope that his investigation into the bank dispute would be finished by next month, was not destined to see the completion of this last assignment.

For members of the Fourth Estate his death is particularly grievous—more especially for working journalists addressing whom, at the conclusion of his labours with the Press Commission, he expressed his sincere belief that, as a result of the Commission's work, journalists would be able to maintain the high traditions of journalism and their future would be assured. Within a short time, he grasped the varied and controversial problems of the newspaper profession, and it was his deep sense of impartiality and judicial mind that was responsible for the unanimity of the Press Commission's Report. We of this profession, therefore, join the large number of our countrymen in mourning the passing of a devoted public servant and a fine judge of matters and men.

ARGUS.

SPECIAL ARTICLES:

THE RUSSIAN STEEL AGREEMENT

THE agreement signed between India and USSR on February 2, has awakened widespread interest. This is the first major economic consultancy agreement signed between India and the USSR, and there is no doubt that it will be reflected in a great change in the structure of Indo-USSR payments. In other words, this is likely to be a major departure in more than one economic field. For these reasons the terms of this agreement need exmination, particularly with a view to enquiring whether agreements of this kind are more favourable than similar agreements negotiated with others.

On a first reading of the agreement (the relevant clauses of which are published below) the conclusion is certainly that the agreement is a welcome one. It is true that there are many factors which still need estimation, such, for example, as the cost of the plant which appears in Article XI at about Rs. 42 crores. This would appear to be the estimate only for the equipment to be supplied by the Soviets: it would appear that there are other plant costs or costs connected with installation of this equipment which have not been added in. For example, the equipment is only f.o.b. delivery at Black Sea ports. Hitherto no equipment of this magnitude seems to have been despatched from these ports. Since, however, this has been specifically entered, it is presumed that the ports have, or will have, the necessary facilities in the number, size and tonnage of cranes for handling heavy machinery. If this equipment has to be built in the next few years, there might conceivably be another cause for delay.

Contrary to the original and, presumably unfounded, report that the USSR would instal a steel plant in eighteen months, the present agreement implies a period of four to five years after signing the agreement, which means that the plant will not be completed until December 31, 1959. In this respect it is less favourable than the Indo-Krupp-Demag agreement which runs only to four years, inclusive of the preparation of the final report. As far as can be determined at present, the period of erection of the Soviet plant will take a year or two longer than the Rourekela undertaking.

There is also on our side, rather than on theirs, cause for some little concern, since the township and water supply are excluded from the agreement. Whereas the German consultancy agreement took full account of matters like water supply and responsibility for materials used, first indications are that the water and coal situation in Bilhai has not been adequately studied. There is also a problem in respect of Karba coal which it is intended should be the main source of supply to the Bilhai plant. This coal has not yet been proved to be metallurgical coal with the requisite coking properties; the haulage of coal of the necessary quality from elsewhere may be too expensive for an economic operation of the plant.

While, therefore, the general purport of the agreement seems to be acceptable, the mere signing of the agreement has not overcome some of the obstacles which are certain to arise. To say this is by no means to deprecate the agreement or to suggest that agreements of the same kind should not be negotiated. On the contrary, there is ground for developing similar agreements with all nations. But it is to draw attention to certain factors which may easily delay operation well beyond 1959.

One particular feature of the Indo-Soviet steel agreement which needs emphasis is the very favourable situation in respect of payments. Since deferred payments are charged only at the rate of 2½ per cent per year against 5 per cent or more at which private firms can borrow, it is obvious that the present agreement implies a reduction of about 50 per cent in interest charges. If we assume that these deferred payments apply to equipment and services of the order of Rs. 50 crores, this might be taken to imply a saving of Rs. 1.25 crores a year operating for a period of between five to six years from the conclusion of the plant or possibly Rs. 8 to Rs. 9 crores in all. This large concession offsets the point that the consultancy services are charged at a somewhat higher rate than in the Krupp-Demag agreement and that the plant will take a somewhat longer time to instal. The point that the Russians are giving these favourable terms for political, as well as economic, reasons does not detract from the fact that this concession is a most valued one, particularly at a time when there is likely to be pressure on our balance of payments.

Indo-Soviet Steel Agreement

Some of the more important clauses of the Indo-Soviet agreement for setting up a steel plant in India are as follows:

MAIN PROVISIONS

ARTICLE I: The Soviet team of steel experts having examined the available information in consultation with the Indian experts and having prepared a preliminary report, it is agreed that the Indian authorities and the Soviet organizations will, subject to the terms of this agreement, collaborate in the establishing of an integrated iron and steel works of the capacity of one million tons of steel ingots with the following general pattern of products, with provision for expansion to the capacity of one million tons of finished products besides 100,000 to 300,000 tons of foundry pig-iron for sale:

Rails	100,000 tons
Heavy structurals including, if possible, broad flanged beams up to 75,000 tons	175,000 „
Sleeper bars and crossing sleepers ..	90,000 „
Merchant bars	235,000 „
Billets	150,000 „

ARTICLE II: (1) The works shall consist of the following principal departments:

(a) A coke oven plant with a capacity to produce the metallurgical coke required;
(b) A blast furnace plant and auxiliary equipment to produce the quantity of pig-iron required;
(c) A steel plant with sufficient capacity to produce one million tons of steel ingots;
(d) Facilities for casting, handling and stripping ingots;
(e) Soaking pits with a sufficient capacity;
(f) Mills and plants of sufficient capacity including a continuous billet mill if it is decided to instal such a mill;
(g) A sintering plant of sufficient capacity;
(h) Plants for the production, supply and transmission of water, power and gas for the works and the township;
(j) Plants for the recovery of by-products; and
(k) Repair and other auxiliary shops.

The design of the works and the component parts as well as the manufacture of the equipment shall be carried out by the Soviet organizations on the best up-to-date technical level.

(2) The works shall be commissioned as follows: Three coke oven batteries, two blast furnaces, two open hearth furnaces, and a blooming mill by December 31, 1958, and the rest of the departments of the works by December 31, 1959.

ARTICLE IV: The Indian authorities will consider the detailed project report prepared by the Soviet organisations and the prices quoted therein within three months of the submission of the aforesaid report. For the purpose of considering the detailed project report and to enable the Indian experts to study the type of the works proposed and to acquaint themselves with the works producing metallurgical equipment, the Soviet organizations agree to receive one or more Indian delegations to the U.S.S.R. before and/or after the submission of the detailed project report, if so desired by the Indian authorities, and shall afford to the said delegations all reasonable facilities for the purpose aforesaid.

PROJECT REPORT

The continuance of this agreement, thereafter, shall depend upon the acceptance of the detailed project report by the Indian authorities without any modifications or with such modifications as are agreed upon between the Indian authorities and the Soviet organizations and upon the settlement by mutual agreement of prices and other conditions. In case the detailed project report is not accepted by the Indian authorities, the latter undertake to pay to the Soviet organizations all expenses in connection with the preparation of the project report subject to a limit of Rs. 80,00,000.

On the acceptance of the detailed project report by the Indian authorities, the parties hereto will, within two months thereafter, agree as to which part of the designing work and the drawings will be done in India. Similar facilities for visits by Indian experts as those mentioned above in this article will also be provided after the acceptance of the detailed project report, as may be agreed upon from time to time.

ARTICLE V: The Soviet organizations shall associate at all stages of the work in India and in the U.S.S.R. pertaining to the planning, construction, erection, and other matters relating to the works and the township and the associated facilities, a sufficient number of Indian nationals selected by the Indian authorities, with the object both of utilizing the services of such Indians as well as for training them in such work. The Soviet organizations shall carry out as much of the work in connection with the project and the planning, designing and drawing up of specifications as possible in India.

ARTICLE VII: Subject to the fulfilment of the guarantee regarding the efficiency of the works and the observance of the time schedule, the Soviet organizations shall ensure that as much use as possible is made of the metallurgical, engineering and other industries in India for the fabrication of the components of the iron and steel works.

ARTICLE VIII: The Soviet organizations shall prepare a scheme for the training of Indian nationals on an appropriate scale specifying the number of trainees and the type of training. They shall also provide qualified instructors at suitable centres of training in India and the U.S.S.R. for training under that scheme Indian personnel, selected by the Indian authorities, for the operation and maintenance of each department of the works and in particular afford such training in works where the plant and equipment of the type selected for the works are in use. The question of the payment of the cost of such training shall be decided in mutual agreement after the cost has been determined.

ARTICLE X: The Soviet staff employed in the project will have the same status and facilities as those enjoyed by other foreign nationals not of diplomatic status engaged in industrial and commercial activities in India. Likewise, the Indian nationals visiting or residing in the U.S.S.R. in connection with the project will have similar status and facilities.

ARTICLE XI: It is estimated by the Soviet organizations that the cost of the plant, machinery and equipment to be supplied by them excluding a sintering plant will be approximately Rs. 43,40,00,000 f.o.b. Black Sea and Baltic Sea Soviet ports as further detailed in the preliminary report already submitted by the Soviet experts. Notwithstanding any such estimates, the actual price payable shall be determined by mutual negotiations and agreement.

ARTICLE XII: (1) Credit shall be raised upon each consignment and in accordance with the prices agreed upon in each case upon delivery c.i.f. Indian ports. The expression "delivery c.i.f. Indian ports" relates to the dates for the raising of the credit. The conditions of delivery of the equipment will be provided for in the separate price contracts. The credit so raised shall be repaid by 12 equal annual instalments payable on or before the 15th day of March of each and every year following the year in which each such credit is raised.

Interest will accrue at 2½ per cent per annum from the date on which each particular credit is raised and will be similarly paid on or before the 15th day of March of the following year. No interest shall accrue on such amounts of the credit as have been repaid.

Provided that if there is any delay on the part of the Soviet organizations in the commissioning of the entire works by the date agreed upon for such commissioning, the payments due after such commissioning shall be postponed by a corresponding period.

(2) All payments to be made by the Indian authorities as aforesaid shall be in Indian rupees to a separate account in favour of the Soviet organizations to be opened with the Reserve Bank of India. The Reserve Bank of India and the State Bank of the U.S.S.R. will jointly fix technical procedure of settling this account. The amounts credited to this account may be utilized by the Soviet organizations for the purchase of goods in India and/or be freely convertible into pounds sterling.

(3) If the parity of Indian rupee (0.186621 grammes of fine gold per one Indian rupee) in terms of gold changes, the amount of the above mentioned account with the Reserve Bank of India will be revalued proportionately to the changes which may take place.

ARTICLE XIII: (1) The Indian authorities shall pay to the Soviet organizations for their services including the detailed project report, and the cost of detailed working drawings of all plants and shops, communications within the works boundary, power supply, water supply, gas supply, buildings and foundations, and erection drawings and spare part drawings for the machinery and equipment, Rs. 2,50,00,000.

The aforesaid sum shall be payable as follows:

(i) On submission of the detailed project report Rs. 3,50,00,000.
(ii) On acceptance of the detailed project report Rs. 4,50,00,000.
(iii) Annual payments thereafter for four years Rs. 1,20,00,000.
(iv) On commissioning of the works and completion of the guarantees Rs. 50,00,000.

(2) The cost of the salaries, travelling and other allowances and expenses of the Soviet personnel for rendering the technical assistance and supervision in India will be determined additionally between the parties hereto, according to the number of the Soviet specialists required and the period of their work in India.

ARTICLE XV: The Soviet organizations agree without any payment in addition to that provided in Article XIII to hand over to the Indian authorities all project reports, plans, drawings, specifications, blueprints and other documentary materials relating to the works. These will not be transferred to third parties, it being understood that the expression "third parties" will not include the organizations to which the rights and liabilities are transferred as provided in Article XXII of this agreement or contractors engaged upon the project.

ARTICLE XVI: The Soviet organizations will undertake the responsibility for the technical supervision of the construction of the works, erection, installation and commissioning of the plant, machinery and equipment provided that the detailed and exact obligations of the Indian authorities and the Soviet specialists will be mutually agreed upon by the parties hereto from time to time. The Soviet organizations will in particular be responsible for:

(a) Assistance in collecting the necessary data for the works site;

(b) Preparation of the detailed project report and working drawings, specifications and time schedules for delivery of the plant and equipment and for the technically correct fulfilment of all the construction works including foundations building and other works within the works boundary;

(c) Supply of plant, machinery and equipment from the U.S.S.R.;

(d) Technical supervision in construction, erection and commissioning of the plant, machinery and equipment; and

(e) Training of Indian personnel in India as well as in the U.S.S.R.

So as to provide, subject to the provisions of Section 3, 4 and 5 of this article, the satisfactory commissioning of three coke oven batteries, two blast furnaces, two open hearth furnaces and a blooming mill by December 31, 1958 and the rest of the departments of the works by December 31, 1959.

For these purposes the Soviet organizations will provide a suitably qualified expert as a chief engineer of the project assisted by an appropriate number of Indian engineers and Soviet engineers appointed respectively by the Indian authorities and the Soviet organizations. The chief engineer will co-ordinate in India all the activities of the Soviet experts in technical supervision and rendering of all kinds of technical assistance.

(3) The Indian authorities will in particular be responsible for:

(a) collecting all necessary data for the works site;

(b) levelling of site;

(c) drilling and other work necessary for proving suitability of site for foundations;

(d) building foundations to the specifications provided by the Soviet organizations;

(e) the administrative supervision of the construction, erection and commissioning of the works including all relations with the workers, technical personnel and other employees;

(f) the fulfilment of all the time schedules as may by agreed upon from time to time for delivery of bricks, cement and other materials, and fulfilment of the contracts with builders and contractors for the construction and erection of the works;

(g) the unloading from ships and transport to the site of the works of all imported materials, plant, machinery and equipment from Indian ports;

(h) construction of buildings; roads and railway tracks;

(j) town planning and construction of houses and buildings, roads and other similar works in the township;

(k) all power and water connections and supply up to the boundary of the works;

(l) financing the project; and

(m) fabrication of steel work and the supply of plant, machinery and equipment to the limited extent, that capacity is available in India.

For these purposes the Indian authorities will set up an organization with a suitably qualified chief of the project assisted by the necessary number of Indian personnel.

ARTICLE XVIII: The Soviet organizations shall guarantee that the performance of the plant, machinery and equipment supplied from the U.S.S.R. will be according to their respective stated capacities. The guarantee will be fulfilled by the operation of each individual item of plant, machinery and equipment for a period of two months as well as by the integrated operation of the complete works for a minimum period of six months.

Both the above kinds of trial operation will be conducted under the technical supervision of the Soviet experts. Should the guarantee be not fulfilled to the satisfaction of the Indian authorities in accordance with the accepted detailed project report and the contracts for the supply of the plant, machinery and equipment (the Indian authorities may for this purpose obtain such technical advice as they consider necessary), the Soviet organizations undertake at their own cost to correct the defects pointed out or to replace such plant or machinery as may be found unsatisfactory; or alternatively, re-imburse to the Indian authorities the cost of such rectification or replacement as the case may be.

ARTICLE XX: Should any existing patent or other rights subsisting in respect of any of the items of, the plant or machinery supplied by the Soviet organizations or made according to specifications provided by the Soviet organizations be deemed to have been infringed in any part of the world and should any civil suit or action result therefrom, the Soviet organizations shall indemnify and keep the Indian authorities sufficiently indemnified against any claims, demands or liabilities arising therefrom. All costs, charges and expenses on account of such proceedings shall also be borne by the Soviet organisations.

ARTICLE XXII: The Government of India and the Government of the U.S.S.R. will as soon as possible after the signing of this agreement inform each other as to which organization will be authorized by them to implement this agreement. The Government of India and the Government of the U.S.S.R. reserve the right to transfer all rights and liabilities arising from this agreement to such organizations as they may respectively consider necessary for the purpose. The credit raised will in any case continue to be guaranteed by the Government of India.

ARTICLE XXIII: If the performance of this agreement is interferred with for any length of time by wars, enemy action, embargoes, blockades, or any other cause beyond the reasonable control of either party, the representatives of the Government of India and of the Government of the U.S.S.R. shall immediately consult with each other and agree upon the action to be taken provided that if such agreement cannot be reached within a reasonable period, the Indian authorities may complete the project and the works in such manner as may be deemed necessary and in such an event the rights and liabilities of the parties arising under this agrement till then shall remain in force.

ARTICLE XXIV: In case any dispute or difference arises between the Indian authorities and the Soviet organizations relating to any matter arising out of or connected with this agreement, the representatives of the Government of India and the Government of the U.S.S.R. shall immediately consult with each other and endeavour to arrive at a mutual agreement on the said dispute or difference.

THE RAILWAY DEVELOPMENT PLAN

THE conference of General Managers of Railways which was concluded this week was convened primarily to examine the proposals formulated for the programme of railway expansion in the second Five-Year Plan. These proposals will require still closer scrutiny before final shape can be given to the plan for railway development. The broad lines on which the Railway Board is proceeding have become fairly clear. Apparently the Board has appreciated the logic of adopting a vigorous outlook on the requirements of the expansion of railway transport capacity. It is this capacity which cannot fail to influence eventually the pace of progress in the other sectors of the Plan. But it is difficult to feel sure that the Board has recognized, in a full measure, the real scale on which railway development must be conceived if the projects in the remaining components of the Plan are to be sustained. The target for investment in the railways has been fixed tentatively at Rs. 800 crores. This increase in the outlay on railways to twice the amount allocated to them in the present Plan falls considerably short of the ratio by which the aggregate investment in the second Plan is to be raised.

This is, of course, not a question which can be conceived merely in terms of relative ratios. The case for a bold plan of investment in railways rests entirely on the urgency of augmenting transport capacity. This urgency is stressed by the serious shortfall in the execution of the railway development programme in the current Plan. It has failed to keep to the schedule in the first three years by a wide margin of ten per cent in expenditure. Since the time element is vital in the achievement of the targets fixed for individual schemes, it will be idle to expect that the tempo of execution can be pushed suddenly to a high pitch in the remaining two years. This gap cannot be regarded as insignificant if it is recalled that the current railway plan is essentially a plan of rehabilitation. The shortfall would imply that the legacy of arrears of rehabilitation will be passed to the second Plan. This fact needs closer analysis to realise why the outlay on railways in the next Plan must be provided on a much more ambitious scale sufficient to respond to the requirements of the other components of the Plan.

The weakest part in the structure of railways for a considerable time past has been the inadequacy of rolling stock. The targets of acquisition of new stock during the current Plan do not contemplate any net addition to the stock of normal serviceable age. These acquisitions are admittedly insufficient to eliminate the numbers overdue for replacement and obviously they will be fully absorbed by the overaged units. In physical terms, execution of orders placed for new stocks reveals a large deficit in deliveries. Only 470 locomotives out of a total quantity of 1,500 ordered for the entire period of the Plan were actually received during the first three years. In the case of goods wagons, receipts in the first two years and nine months amounted merely to 23,100 out of 59,000 ordered for the Plan period, whereas the quantity of passenger coaches delivered was 2,300 out of 5,800 on order. Even assuming that the bulk of the outstanding stock will be delivered according to schedule before the end of this Plan, the proportion of overaged stock will remain as high as 2,000 locomotives, 14,100 wagons and 4,100 passenger coaches, which is by any criterion high after making proper allowance for a normal element of stock due for replacement. The serious inadequacy of rolling stock for freight traffic needs to be underlined. On the assumption that the abnormal proportion of the overaged units can be ignored, the Railway Board's estimate makes the significant revelation that the strength of locomotives will be short by 600 and that of wagons by 32,000 to carry the traffic offering at the end of this Plan.

Similar shortages are in evidence in respect of most other important parts of the railway plan. Not more than 800 miles of new lines were constructed since the end of the war. Most of these lines, except the Assam link and the Kandla-Deesa link, are resumptions of pre-war extension schemes. Against this construction activity must be set the fact that not all the major dismantled lines which need to be restored have been re-laid. Rehabilitation of track with the specific purpose of restoring maintenance and operational standards has lagged much behind traffic requirements and restrictions still continue to be enforced on speed limits in important sections. In the absence of a reasonable provision for building new lines, priority was obviously necessary for augmenting the line capacity. This priority has not been accorded in the current Plan and actual expenditure on improvement of line capacity, including primarily doubling of track, in the first three years of the Plan has been somewhat short of Rs. 25 crores out of the low allocation of Rs. 43 crores.

The magnitude of the pressure of demand for traffic capacity which the second Five-Year Plan conceived on a spectacular scale with a special bias for rapid industrial expansion, cannot be underrated. It is long since accepted as axiomatic that failure to earmark substantial investment for the railways is sure to put a brake on the rate of the progress of projects in each sector of the Plan. This eventuality must be avoided at any cost. Nothing short of an outlay of the order of Rs. 1,000 crores can ensure the minimum demands of expanded traffic in the next Plan. The Railway Board's provisional plan is grossly deficient in two strategic points. There can be no room whatsoever for any hesitation in allocating funds for strengthening the rolling stock position on a spectacular scale. The Railway Board's estimate of Rs. 320 crores for this stock and ancillary machinery ought to be raised at least by Rs. 100 crores. A combined provision of Rs. 420 crores for these two classes of assets will ensure an amount of Rs. 380 crores for rolling stock. At current prices it will be adequate for the procurement of 3,000

locomotives, 120,000 wagons and 10,000 passenger coaches, besides leaving a reasonable margin for an extra number of boilers. If these targets are considered in relation to the abnormal proportion of old units and the requirements of additional stock for operating the new lines, any provision short of this outlay must entail the recurrence of shortages at frequent intervals. The position in respect of procuring rolling stock overseas as well as at home is happily getting easier.

Extension of railway routes in congested regions as well as in the new areas awaiting intensive development cannot be deferred during the next phase of development. The revised railway convention anticipates liberal expenditure on new construction of lines and offers relief to railway finances in the form of lower interest and moratorium on payment for a reasonable period. The new lines projected in the next Plan will not take long to pay their way. First priority is indicated for the Eastern Railway where nearly half of the freight traffic carried by the railways is loaded and in the case of coal the proportion is as high as 90 per cent. The Western and North Eastern Railways too urgently need expanded mileage. The claims of the remaining three railways are evenly balanced. This allocation of priorities very nearly compares with the scheme prepared by the Railway Board. Its basic drawback, however, lies in underestimation of new mileage which is placed at 3,000 miles. An upward revision to 4,500 miles with an investment of a little below Rs. 300 crores should set the minimum limit. In other respects the official estimates correspond to the order of priorities. The allocations of Rs. 80 crores each to track and line capacity and of Rs. 45 crores for operating improvements and safety works are conceived on a realistic assessment.

The broad outline of the next Five-Year Plan may be set out in a tabular form as follows:

Second Five-Year Plan for Railways

(Rs. in crores)

			Expenditure
1.	Rolling Stock and Machinery of which—		420
	(a) Rolling Stock	380	
	(b) Machinery	40	
2.	New Lines and Restoration of which—		285
	(a) New Lines	280	
	(b) Restoration	5	
3.	Track and Bridges		80
4.	Line Capacity		77
5.	Operating Improvements		35
6.	Safety Works		10
7.	Ganga Bridge		10
8.	Calcutta Suburban Railway Electrification		10
9.	Passenger Amenities		25
10.	Staff Amenities and Housing		35
11.	Miscellaneous		13
	TOTAL		1,000

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THE BUSINESS WORLD

HIGHER WAGES FOR MILL WORKERS IN BOMBAY

(Contributed)

The recent decisions of the Labour Appellate Tribunal covering nearly 2½ lakhs of workers in the Bombay Cotton Mill Industry have been received with mixed feelings by the local Trade Unions. But the fact remains that these decisions have further improved the already high wages of a cotton mill worker by about Rs. 7 per month. Today no worker in the Industry gets less than Rs. 104 per month by way of wages and dearness allowance. The average wage of the Industry is Rs. 121. Over five thousand workers draw monthly Rs. 210 or more and nearly forty thousand draw a wage in the neighbourhood of Rs. 135. These decisions will immediately put into the hands of the workers a sum of Rs. 3.25 crores. The recurring cost to the Industry will be Rs. 1.75 crores per annum. Since several factories outside the textile industry have adopted the textile scale as a basis for payment of dearness allowance, there is bound to be a demand from such workers for increase in dearness allowance. This is likely to create a wave of unrest in other local industries.

The history of wage adjustment in the Cotton Mill Industry of Bombay makes interesting reading. The Congress Ministry which came into power in 1937, appointed a Committee under the Chairmanship of Sir Harsidhbhai Divatia, a Puisne Judge of the Bombay High Court, to inquire into the problems affecting the Cotton Textile Industry in the State. This Committee published an "interim" report recommending an increase in wages which approximated to 12½ per cent. The millowners accepted this recommendation. As a result of this increase, the average wage of a Bombay mill worker was pushed up to Rs. 32-8.

The Divatia Committee in its final report recommended for adoption by labour and management, a scheme of standardisation of wages with a minimum wage of Rs. 25. It is interesting to note that this same Committee concluded that the living wage would be between Rs. 50 and 55 for Bombay.

The war intervened and the question of implementing the Committee's standardisation scheme was shelved until more propitious times. The cessation of hostilities generated a wave of demands by the textile workers under the joint auspices of the Communist and the Congress Unions. A full Bench of the Industrial Court consisting of Sir Harsidhbhai Divatia (Chairman of the Inquiry Committee) as President and Mr. G. S. Rajadhyaksha, Puisne Judge of the Bombay High Court, and Mr. D. V. Vyas, then a District and Sessions Judge, as Members, heard these demands in arbitration. The scheme drafted by the Assessors, Messrs. Khandubhai Desai and P. V. Gillespie, was incorporated by the Industrial Court in its award on the subject. Thirty rupees became the minimum basic wage of a cotton mill worker from January 1, 1947. The Court estimated that following this minimum and the revised occupational differentials, the average wage would shoot up to Rs. 41 from Rs. 32-8.

Since 1947, a continuous process of rounding off of the rough edges of the Award, bringing in categories of workers not covered, revising wages for certain rationalised occupations and similar variations have been going on. All this had resulted in taking the average basic wage of Rs. 41 up to Rs. 47-8 in 1954.

The basic wage of every worker is supplemented by a dearness allowance. Ever since the beginning of the war, the Industry, as recommended by the Conciliation Board presided over by Sir Sajba Rangnekar, had been paying a dearness allowance at a flat rate varying with the rise and fall of the Bombay Working Class Cost of Living Index Number. The Industrial Court in 1947 raised the rate of dearness allowance from 1.75 pies per day to 1.9 pies per point rise above the pre-war Bombay Cost of Living Index Number of 105. This rate neutralised the rise in the cost of living by about 90 per cent in the case of the minimum wage earner.

It must be mentioned here that though dearness allowance is calculated separately, it forms a part of wages for the purposes of provident fund and Employees' State Insurance contributions, retrenchment compensation, leave wage, etc.

The recent decision of the Labour Appellate Tribunal increasing the dearness allowance by 10 per cent with retrospective effect from May 1953, will put into the hands of the workers a sum of Rs. 2.75 crores. The dearness allowance per month, at the present cost of living index number, will be in the neighbourhood of Rs. 74. Thus, by way of basic wages and dearness allowance, the Bombay worker on an average gets Rs. 47-8 plus Rs. 74, i.e. Rs. 121-8.

Nor is this all. Ever since the outbreak of the war and the consequent prosperity enjoyed by the Textile Industry the worker has been receiving a share in the profits by way of bonus. It is true that, in the earlier stages of the war, the Industry used to declare bonus unilaterally, and, of late, it has become the subject of wrangling before the Industrial Court and the Appellate Tribunal. But the fact remains that an addition is made to the normal monthly earnings of the worker by a windfall at the end of the year. The quantum of bonus is always related to the annual earnings of the worker and it averages out to Rs. 120 per year or Rs. 10 per month. The income of an average cotton mill worker therefore comes to Rs. 121-8 plus Rs. 10, i.e. Rs. 131-8 per month.

It must be remembered that apart from the direct labour cost by way of wages, dearness allowance and bonus, there is the indirect labour cost incidental upon the recent beneficent labour legislation. The volume of such legislation has been heavy and it has increased the cost to the employer of engaging a worker in the industry. Provident fund, Employees' State Insurance, paid festival holidays, leave with wages, etc., have imposed financial responsibilities upon the employer which work out at Rs. 15 per worker per month. The total cost of engaging a worker in the Bombay Cotton Mills, therefore, comes to Rs. 147 per month. Who would say that this does not compare favourably with middle-class incomes?

OPPOSITION TO AMENDMENT OF CONSTITUTION

By
CROESUS

Public opinion about the implications of the proposed amendment to Article 31 of the Constitution would appear to be still in the process of getting crystallised. But opposition to the amendment has been steadily increasing not only in a general way but from the particular interests affected by the proposed amendment. It is not that either the public generally or the affected interests in particular are unaware or unap-

preciative of the intentions of the framers of the proposed amendment to Article 31 of the Constitution. They realise the necessity, sooner or later, to implement all the directive principles of the Constitution which aim at securing "a social order in which justice, social, economic and political, shall inform all the institutions of national life". None of them is so foolish or short-sighted or unpatriotic as to oppose, for instance, any improvement of agricultural land or removal of slums, etc. But what many do not understand is the clubbing together of so many other items besides what is stated to be immediately needed in the amendment, as, for instance the electricity supply industry. It is incomprehensible that an organised industry, such as the electric supply industry, an industry which is governed by a specific legislation, should have been classed in the same category as the exploiters of slum property. As Sir H. P. Modi has rightly observed in an article in the "Times of India" on economic policy, "what are reported to be the immediate intentions of the Government are at variance with the powers which they are seeking to acquire, and whatever our confidence in the ability and willingness of our Government as a whole to steer clear of extreme policies, it is impossible to contemplate with equanimity the weapons with which they propose to fortify themselves".

To take the specific case of the electricity industry, Section 3 (i) of the Constitution (Fourth Amendment) Bill which seeks to amend Articles 31, 31A and 305 and the 9th Schedule to the Constitution, provides that, notwithstanding anything contained in Article 13 of the Constitution, any law providing for the extinguishment or modification of any right accruing by virtue of any agreement, lease or licence for purpose of supplying power, or premature termination or cancellation of any such agreement, lease or licences, shall be deemed to be void on the ground that it is inconsistent or takes away or abridges any of the rights conferred by Articles 14, 19, or 31 of the Constitution, provided that such a law is a law made by the legislature of a State, the provisions of this Article shall not apply thereto unless such law, having been reserved for the consideration of the President, has received his assent.

Broadly, the implications of this amendment to the electricity supply industry are that, while compensation in specified cases would be payable for any electricity undertaking compulsorily acquired, the determination of the quantum of such compensation will be a matter entirely within the discretion of the legislature and no court shall have any jurisdiction to go into the adequacy or reasonableness of this amount; in short, the proposed amendment makes the issue of compensation in such cases not justiciable.

Now, it is difficult to understand why the sponsors of the amendment to Article 31 should have included electricity supply undertakings, except it be perhaps to oblige the Madras and Andhra State Governments who have acquired electricity undertakings. Surely if it was the intention of the authorities to shelter these two State Governments from the consequences of their action which was questioned under the citizens' fundamental right to property, there were other ways open to them: for instance, they could have added a schedule to the Bill and listed these two State Governments under that schedule making the proposed amendment specifically applicable to these. It is their failure to do so in fact which has aroused apprehensions in the minds of those engaged in the electricity supply industry. Even today, it may be noted here, the greater part of this industry is owned and managed by private enterprise and it is on the cards that the task of distributing electrical energy generated by some of our biggest State-owned hydro-electric projects will still have to be entrusted to these undertakings. In view of this, it seems necessary, even from the point of view of the sponsors of the Bill, to reconsider their decision to include the electricity supply industry as a whole within the scope of the proposed amendment to Article 31 of the Constitution.

It is true that public interest justifies Government intervention when there is chaos and confusion in any particular sphere, or where there is nothing like an organised scheme of things. Surely this cannot be said to be the case with the electricity supply industry. When an entrepreneur approaches a State Government for permission to exploit, generate and distribute hydro-electric or thermal energy, the Government insists on his entering into an agreement. He has to obtain a licence subject to the regulations laid down in that licence, which is in accordance with Indian Electricity Act 1910 and its subsequently amended versions, including the latest, the Electricity (Supply) Act 1948. The latter Act not only provides for control of electricity undertakings by the State Electricity Boards to be set up under this Act—four of them have been set up so far—but also limits the return allowed to the investor. As everyone knows, this return is so low that there has been a consistent agitation by shareholders in electricity undertakings to raise it. And, more than anything else, the licence issued under the Indian Electricity Act also provides for the manner and method of taking over the undertaking by a public authority after paying compensation which is to be based on the "fair market value" of the undertaking concerned The authorities tried to interpret the basis of compensation as "book value", but could not succeed.

It is inherent in any agreement for the generation and supply of electric power that inasmuch as the licensee will have to invest huge sums of capital, he is assured of a reasonable lease of life for his licence. Instances are not wanting to show that, whenever there was any uncertainty on this score, the people concerned preferred to sit on the fence rather than to embark upon further expansion of their undertakings. The delay in the taking up of the Trombay Thermal project, pending the renewal of the licence of the Tata Hydro-Electric agencies, is too fresh in the memory of everyone to be cited here. Under the proposed amendment, however, any Government, Central or State, —the latter with the assent of the President —will have the power to cancel or modify an electric licence irrespective of whether such cancellation or modification is merited by the circumstances of the case. If any licensee fails to perform his part of the contract under the existing licence, even now as the Act stands, his licence can be terminated or suitably amended. There is thus no need for any special legislation such as the one proposed. Moreover, the ground on which the State is sought to be empowered to take over any electricity undertaking, namely, on the ground of national economy, is so vague and nebulous and to do this unilaterally and without any guarantee of fair compensation amounts to a repudiation of a contract that the State itself entered into and that after making sure that it has adequate and statutory safeguards. So far as the licensee is concerned, the proposed amendment seems to aim at taking away from him the right that even a private citizen enjoys under the Constitution. Thus, any agreement between private citizens is binding upon them and if either of the parties to the agreement fails to carry out his part of the agreement, the other has recourse to a court of law and can obtain an order for specific performance or, in the alternative, claim damages. Is it not unfair then that one who has invested huge sums of money and built up an industry should be told that because he has done so he ceases to enjoy the right to which, as a private citizen, he would be entitled?

In the case of electricity undertakings, one thought the principle of compensation had been once for all decided. For the Government of India's industrial policy resolution of April 6, 1948, definitely stated that electric supply industry would continue to be regulated in terms of the Electricity (Supply) Act 1948, which was then on the anvil and when the Electricity (Supply) Act 1948 was actually enacted it categorically affirmed the principle of compensation for acquisition of electricity supply undertakings at the expiry of licence periods on the basis of fair market value.

There is another aspect to this question. Whatever may be the significance of dichotomy, public sector and private sector, there can be nothing like public power in the same way as public street; nor is there anything like private power as for instance a private building. Irrespective of who owns an electricity supply undertaking, the business of supply of electricity is, in every sense of the term, a public business and it is the public of a given region who get the benefit from the power supplied to the region. True, we have even now a few Government-owned electricity concerns, but, given the choice to the citizen, I dare say, he would prefer the private-owned public utility system which is subject to all manner of financial and technical control exercised under the Electricity (Supply) Act 1948 and Indian Electricity Act 1910, etc., to the Government-owned systems which are not so controlled at all. It is indeed a paradox that, whereas power supply by the private sector which is really intended for public use is under strict regulations, State electricity departments are, more often than not, not subject to any similar regulations or control. There is finally the question of the poor shareholders who are, in effect, the owners of all private-owned public utility systems. Because of an assured and steady income most people of small means have invested their moneys in the shares of these electricity undertakings. It can surely be the intention of the framers of the amendment in question to devise a separate law for compensating these shareholders vis-a-vis shareholders in other industrial undertakings. It would not be in the interests of national economy, which is the excuse trotted out for taking over the electricity undertakings to vary the basis of determining the compensation payable in respect of undertakings owned by a section of the population. I, therefore, fully agree with the Federation of Electricity Undertakings when it says, in a memorandum which, I understand, it has sent to the Government of India, that the existing electricity legislations contained ample safeguards against the risk of exploitation of 'the public economy' by private licensees, and the Constitution, as it exists, does not stand in the way of nationalisation with compensation whenever the State so wishes. In view of this, the proposed amendment of the Constitution for the ousting of the courts' jurisdiction in determining whether compensation is or is not 'fair' will add the spectre of uncertainty to an industry already overburdened by control. Probably the electricity supply industry is already the most regulated in the country and it will be disastrous to the future development of the industry to impose upon it continuing threat as to its security of value such as is postulated in the proposed amendment to Article 31 of the Constitution.



BUSINESS NOTES

SUPREME COURT ON RETRENCHMENT PENDING DISPUTE

The ban on the retrenchment of workers during the pendency of an industrial dispute before a properly constituted authority has been interpreted in such a technical and comprehensive manner that a serious disability has been imposed on employing concerns. As the definition of the word industrial dispute has been given a very wide and flexible meaning and the machinery of conciliation or arbitration can be set in motion on any simple excuse, the ban has brought considerable hardship to employers in staying their hands in the matter of disciplinary action or retrenchment. The only relief granted is the authority to retrench or punish a workman with the express permission of the conciliation or arbitration authority or the Appellate Tribunal before which the dispute is pending.

A recent decision of the Labour Appellate Tribunal would have imposed further restrictions and liabilities on employers in obtaining permission for retrenchment. The Appellate Tribunal attempted to give a new interpretation to its right to grant permission for retrenchment subject to the imposition of certain specified conditions. In an appeal preferred against this decision to the Supreme Court, a very important principle has been laid down, namely, that the Appellate Tribunal has no jurisdiction to impose any conditions as pre-requisities of granting the authority to retrench. The permission to retrench, when granted, must be unconditional.

The novel interpretation of permission with conditions attached was of such far-reaching implications. The issues involved vital questions of interpretation of the relevant provisions in the Industrial Disputes Act of 1947, and the Industrial Disputes (Appellate Tribunal) Act of 1950. The facts require brief narration. While a dispute between itself and its workers was pending before the Appellate Tribunal, the Automobile Products of India Ltd., Bombay, applied to the Tribunal for permission to retrench some of the workmen who were already laid off. The reason for retrenchment was that since the Automobile Products were removed by the Government from the list of approved automobile manufacturers, in view of the fact that they were only assemblers of vehicles and could not undertake to switch over to the manufacture of parts and automobiles, they were placed under an obligation to close their assembly plant. The permission for retrenchment was granted by the Appellate Tribunal subject to the express condition that the employer pays to the workmen wages at half the rate of basic wages plus dearness allowance for the entire period from the beginning of lay-off to retrenchment. The Supreme Court held that the provisions in the two Acts were intended solely to prevent victimization and there was nothing whatever in those provisions entitling them to impose conditions while granting the permission sought for retrenchment.

FAN MAKERS MEET

A note of sober optimism about the outlook for the Indian fan industry was struck by Mr. T. R. Gupta in his address to the annual general meeting of the Fan Makers' Association of India held at Calcutta on Tuesday. The production of Indian fans during 1954 is estimated at about 250,000, representing a marked increase over the record output of 212,400 fans during 1951. The installed capacity of the Indian industry by the end of the first Five-Year Plan is estimated at about 450,000 fans, against an estimated demand of 320,000. It is clear that, considering the present production level, nearly half the capacity remains unutilized. It is, therefore, natural that Mr. Gupta should appeal to those concerned not to allow the import of fans in any shape or size so long as the indigenous capacity is lying idle. In the present circumstances, it would also be a sheer waste of national resources if new capacity is added. It would be worth while for the Planning Commission to make a survey of the present and future capacity of the manufacturers, the estimated demand, prospects of export markets and availability of raw materials, so that the industry is in possession of all data for making necessary adjustments.

As it is, the industry need have little fear about its future. In a tropical country like India, fan is a necessity and not an item of luxury, and there will always be a potential demand for it. There has, of course, been a slight delay in realising the targets fixed by the Planning Commission and that is mainly due to some of the river valley projects taking a little more time than originally planned for providing cheap power to many unelectrified towns.

There is also ample scope for export of Indian fans. Over 20,000 fans were exported during 1954, and every effort must be made to popularise our fans in the neighbouring countries. For this it is essential, as Mr. Gupta pointed out, that the design, performance and appearance of our fans are constantly improved. Fan makers have, in this connection, also requested that, until such time as raw materials are available in the country, the Government should refund the duty on imported raw materials used in the manufacture of fans exported. The chief raw materials are electrical steel sheets, aluminium sheets, pig-iron, ball bearings, winding wires and paints and varnishes. As against the import of over 50 per cent of raw materials in the past, now only 20 to 25 per cent are being imported. But when the industry endeavours to reach the increased targets in the second Five-Year Plan, the present supply of raw materials will fall short unless steps are taken in the meanwhile to increase their production, keeping in view the anticipated increased demand from other industries as well.

There is an obligation undoubtedly on the manufacturers to make efforts to produce fans at such rates as would enable customers of the low income groups to pay. As Mr. Gupta stated, the consumers have so far got very little relief in respect of price and it is to be hoped that an adequate reduction will eventuate following better utilisation of capacity and improvement of technique.

HIGHER COTTON CROP

The official third estimate of the cotton crop for the current year 1954-55 puts the acreage at a comfortably higher level than the last year. There is no official estimate of production, but from available sources this also reveals an encouraging picture. In terms of the third estimate, the area under the cotton crop will be 16,116,000 acres as against, 1,106,000 acres in the previous year. The output of raw cotton will be 36.57 lakh bales as against 32.97 lakh bales in the previous year. In the current year, therefore, there will be a 7.4 per cent increase in area and 10.9 per cent increase in the crop above the last year. This improvement, however, has not come up to expectations as officially expressed by Mr. R. S. Krishnaswami in his presidential address at the 71st meeting of the Indian Central Cotton Committee at Bombay the other day. The optimistic official anticipation of the third estimate was 18,500,000 acres and 40.35 lakh bales.

Some room must be left for final excess over this latest third estimate in view of the fact that only 85 per cent of the area and crop, on a rough basis, are reported in it. Allowing for a reasonable room for its non-inclusion it would appear that the targets of 17,500,000 acres and 39.8 lakh bales fixed for 1954-55 in the first Five-Year Plan will be realised. The trade estimate of the crop is, as usual, much higher than the official estimate and as against the above expectation of 36.57 lakh bales it ranges as high as between 47.20 lakh bales and 48.27 lakh bales. This year's higher crop is to be attributed partly to the prevalence of a high level of raw cotton prices at the time of sowing. But intensive efforts under the cotton extension schemes and good weather were largely responsible for the increased production. Bombay, Pepsu, Punjab, Madhya Pradesh, Hyderabad and Kutch are the major contributors to higher output. But Madhyabharat, U.P., Assam and Bhopal have registered a small decrease.

The cotton expansion policy under the development plan achieved success both as regards quantity and quality. The emphasis is on superior staple varieties. The availability of better and more plentiful cotton has brought about a change in the pattern of the mill consumption of cotton. In 1953-54, mill consumption of Indian cotton achieved the peak of 38.9 lakh bales and consumption of foreign cotton was reduced to the lowest level of 7.2 lakh bales since the year of partition. A spectacular change has been brought about in the import of cotton. Imports of foreign cotton which stood at 12.4 lakh bales valued at Rs. 124 crores in 1951-52 declined to 6.9 lakh bales valued at Rs. 56 crores in 1953-54. This reduction in the import and use of costlier long staple varieties and the switch-over to indigenous cotton of better varieties than traditionally grown has enabled the industry to recapture and strengthen its place in the near markets.

HYDROQUINONE MAKES RAPID PROGRESS

During its brief career of over three years the hydroquinone industry achieved a good measure of expansion. It got the cover of protective duty soon after it was started and it made ample use of it to consolidate its position in the home market. The original protective duty was fixed at a preferential rate of 27.3 per cent ad valorem and a standard rate of 37.8 per cent ad valorem. This, however, was found to offer inadequate protection and after the second tariff enquiry of 1953 it was raised to 50 per cent ad valorem for imports of British manufactures and 60 per cent ad valorem for other imports. This increased measure of protection has enabled the industry to build its strength and in the meantime the interests of consumers do not appear to have suffered. At present the case of the industry for continuance of protection beyond December 1955, is being investigated by the Tariff Commission and evidence tendered in this behalf clearly shows that neither consumers not importers have any complaints to offer on the score of quality. The indigenous product conforms to the standard specifications laid down by the Indian Standards Institution. Imports have diminished from 42,372 lbs. in 1952 to 7,830 lbs. in 1953 and to 2,176 lbs. in the first eleven months of 1954. The output of the sole producing unit at Baroda was pushed up from 14,190 lbs. in 1953 to 30,961 lbs. in 1954. The capacity of the industry has been raised to 39,600 lbs. per year. The industry does not ask for any alteration in the current rates of protective duty. Its great handicap continues to be the high cost of the two primary raw materials of aniline and sulphuric acid in relation to their prices for manufacturers in the U.K., the U.S.A. and France which are the main competitors.

Estimates of the home requirements of hydroquinone are confusing as in the case of several other industries. The average quantity which is currently available has been placed at 36,573 lbs. per annum. In the tariff enquiry of 1953, home demand was put at 45,000 lbs. (as against the inflated estimate of 53,000 lbs. in 1951). The figures suggested at the enquiry show a wide disparity between the industry's estimate of 36,000 lbs. and the import trade's estimate of 55,000 lbs. It would appear that the Commerce and Industry Ministry's view of the demand in the neighbourhood of 45,000 lbs. is realistic. No increase is envisaged in the next three years in view of the absence of any prospective increase in film production. Since the industry's capacity is about 40,000 lbs., its claim for a complete ban on imports is difficult to sustain. It is true that home production is now very nearly able to satisfy the bulk of the demand. But import quotas at a ratio of 10 per cent of the best year's imports seem clearly advisable. In this form protection should be continued for a period of five years as requested by the industry.

TOBACCO EXCISE DUTY LOWERED

It was recently announced that the normal rate of six annas per pound in the excise duty on certain varieties of tobacco, other than the bidi varieties, of the 1954-55 crop of non-flue-cured tobacco would be temporarily reduced by one-sixth. This step has been made with a view to giving assistance to the producers of these varieties, and though belated, even this concession is likely to be withdrawn at any time. The reasons advanced for reduction in excise duty, which were obvious, except to the Government, are over-production and accumulation of stocks since 1952-53. Since then the tobacco trade has been in the grip of a severe crisis.

This crisis was mitigated to some extent last April by the concession in the rate of excise duty on tobacco produced during 1954 and the preceding years. Though this measure provided some relief, it was far from enough to help solve the problems faced by the industry. It is indicated that while the concessions had led to a welcome decline in the production of the bidi varieties of tobacco, and bidi tobacco prices displayed a firmer trend, there was a corresponding fall in the production of other varieties of non-flue-cured tobacco, and considerable stocks had accumulated. Tobacco exports, both manufactured and unmanufactured and including bidis, cigars, cigarettes, etc., during 1951-52 were valued at Rs. 16.93 lakhs, those during 1952-53 at Rs. 13.85 lakhs, in 1953-54 at Rs. 11.26 lakhs and Rs. 8.75 lakhs during April-October, 1954-55.

INCREASED TRADE WITHIN THE COMMONWEALTH

A recent Statistical Abstract for the Commonwealth and the Sterling Area published by the U.K. Board of Trade reveals that on an average 44 per cent of total Commonwealth imports were made up through inter-trade within the area, against 40 per cent for the period 1936-1938. Inter-trade within the Sterling Area, excluding Canada, made up 47 per cent of the total Sterling Area between 1951-1953. Of the £8,196 million total Commonwealth imports during 1953, about £3,741 million worth came from within the area, and of the £2,582 million of U.K. exports some £1,254 million went to the Sterling Area and £1,328 million to the rest of the world.

The Abstract estimates the Sterling Area's exports of raw jute at 99 per cent of world total exports during 1953. Tea accounted for 86 per cent, natural rubber 52 per cent, raw sugar 16 per cent, raw coffee 4 per cent, wheat 8 per cent, wool 71 per cent, raw cotton 20 per cent, raw sisal 64 per cent and tin 31 per cent. The split up of imports and exports by

destination and value indicates the quantity and the commodities traded in by member-countries and most colonial territories.

The share of inter-Commonwealth trade taken by India, Pakistan and Ceylon during 1953, which is the last full year surveyed in the Abstract, reveals the trade figures of these countries compared with U.K., against the background of their trade with the Sterling Area and with the world as a whole. They are shown in the table below:

(£'000 Sterling)

	Imports From			Exports To	
	All Sources	Commonwealth Countries	Sterling Area	World Markets	Commonwealth Countries	Sterling Area
India	424,854	211,438	206,582	398,194	202,491	210,140
Pakistan	125,308	33,391	33,631	156,774	52,304	52,688
Ceylon	120,603	67,557	76,287	112,702	57,397	56,272
U.K.	3,344,902	1,646,737	1,503,309	2,687,389	1,287,052	1,268,968

CONTROLS ON PRINTING INDUSTRY

Mr. Kasturi Srinivasan in his address to the recent third session of the All-India Printers' Association at Madras declared that the present tariff classification was a serious obstacle to the development of the industry and that it was necessary to revise it drastically in order to meet present requirements. A large number of articles required by the printing industry, ranging from paper and ink to machinery, come under Government control. The import of these articles was necessarily a drain on the national resources, but the regulations through import licensing and customs tariff were far from what they should be. Only a part of the estimated per capita annual consumption at 300,000 tons of paper was met by indigenous paper manufacturers. The remaining demand had to be met through imports. The position in regard to other printers' supplies was no better. Mr. Srinivasan bitterly criticized the harassment caused to the industry consequent to the subjection of importers to varied interpretations of the import control and customs tariff rules.

At the conference, organised under the auspices of the All-India Federation of Master Printers, it was revealed that the suppliers of machinery and sundry materials were very often ill-informed, and manufacturers' representatives seldom had ready stocks and replacements and spare parts. The non-availability of servicing facilities was a serious handicap to the industry and the trade is likely to take steps to remedy this state of affairs. The Government's decision to open regional training centres for personnel was welcomed, and it was suggested that the courses be drastically re-orientated, and conducted by expert foreign technicians. The extension of the training to every sphere of the printing industry was hailed as likely to help improve the quality of printing, and bring art and fine craftsmanship into the industry.

The importance of an institute to study the problems and conduct research on the materials and methods employed by the industry was emphasised at the conference and a plea made both to the Government and the trade to make a small beginning in this direction It was also suggested that standard products and improved qualities of machinery and equipment be made available to the printing industry at an economical and competitive cost, for only in such conditions would the demand for indigenous products develop.

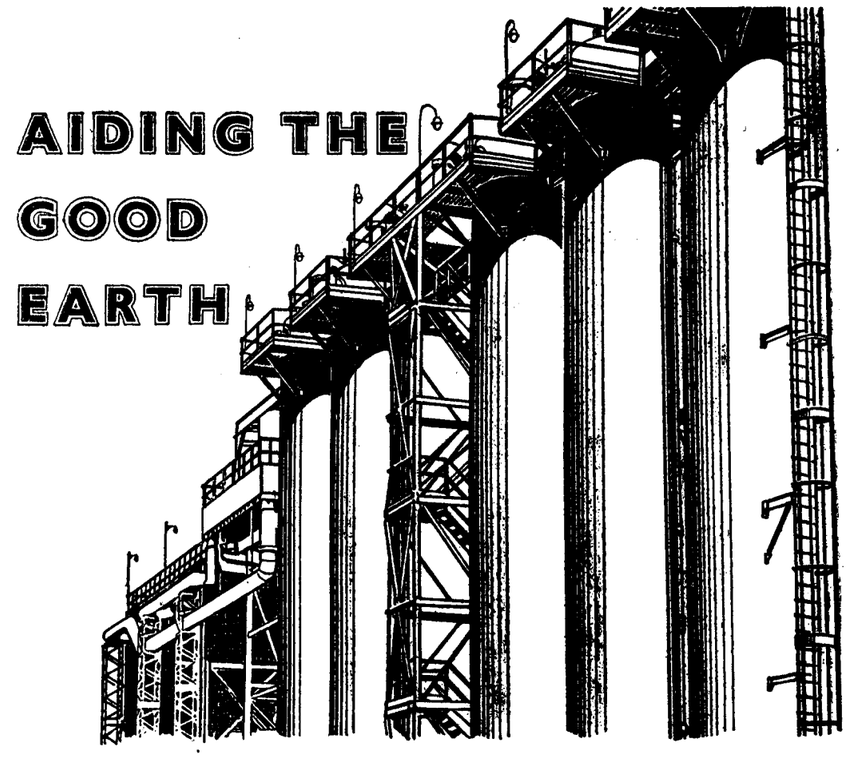
CAUSTIC SODA AND BLEACHING POWDER

Government's acceptance of the recommendations of the Tariff Commission on protection to the caustic soda and bleaching powder industries, however, underlines the need for other ancillary measures to strengthen the position of these industries on a competitive basis. In the case of caustic soda, the existing revenue duty at a preferential rate of 27.3 per cent ad valorem for soda of U.K. origin has been converted into a protective duty without any alteration in the rate. The Commission's recommendation for a protective duty at a standard rate of 32.37 per cent ad valorem for caustic soda originating from exporting countries other than the U.K. is accepted in principle. But its operation must, of course, be governed by the terms already included in India's bilateral trade agreements with the countries in question. As for bleaching powder, the basis of grant of protection is the current actual high level of production costs and prejudice against the indigenous product. A protective duty of 15 per cent ad valorem has been imposed on bleaching powder. This measure of protection has been extended also to bleaching paste.

The ancillary measures of assistance for improvement of the industries are enumerated at great length. The more important among them may be mentioned. The Tariff Commission's recommendation for the grant of rebate on the salt cess is under consideration of the Government. The feasibility of enabling the caustic soda industry to switch over to cheaper process of production is to be investigated and for this purpose the Government has been advised to formulate an integrated plan for expanding the production of caustic soda and soda ash. An integrated plan would go to reduce the cost of soda ash and make it economical to adopt the caustication method. The Commission's suggestion for extending import control to these commodities as an additional measure is under consideration of the Government. The reasoning behind it is that if import control is needed on grounds of balance of payments, its benefit should be secured for this class of industries. The problem of installing washing plants at Sambhar Salt Works is being taken up for active decision. Another recommendation for ancillary assistance relates to relief in railway freight rates, but no commitment has been made on it by the Government.

COMMERCIAL AVIATION THIRTY YEARS HENCE

A peep into the future of commercial aviation after three decades from now was taken at a symposium of aeronautical and astronautical scientists sponsored recently in the U.S. by T.W.A. The predictions were made in the light of the demonstrations given at the symposium with the Zeiss projector of how the stars and planets will look like to astronautical navigators flying thirty years hence at altitudes above fifteen miles. Differing views were expressed about the size of the future commercial airliners, but as regards their design there was unanimity that it would certainly be radically different from the existing designs. Novel types of jet engines such as ram-jet will be in popular service. There will be drastic reduction in operating costs of cargo planes which implies that freight and cargo will emerge as far more important sources of revenue than passenger traffic. Within the next decade itself, jet transports will establish their superiority on international routes. Several other predictions were advanced at the symposium. One such prediction made the claim that a global fleet of aircraft three times the size of the present fleet, all turbine-powered, will handle world's traffic estimated to rise to 500,000 million passenger miles. In the short-range, high-density traffic urban areas, some form of helicopter of convertiplane will be in successful operation.



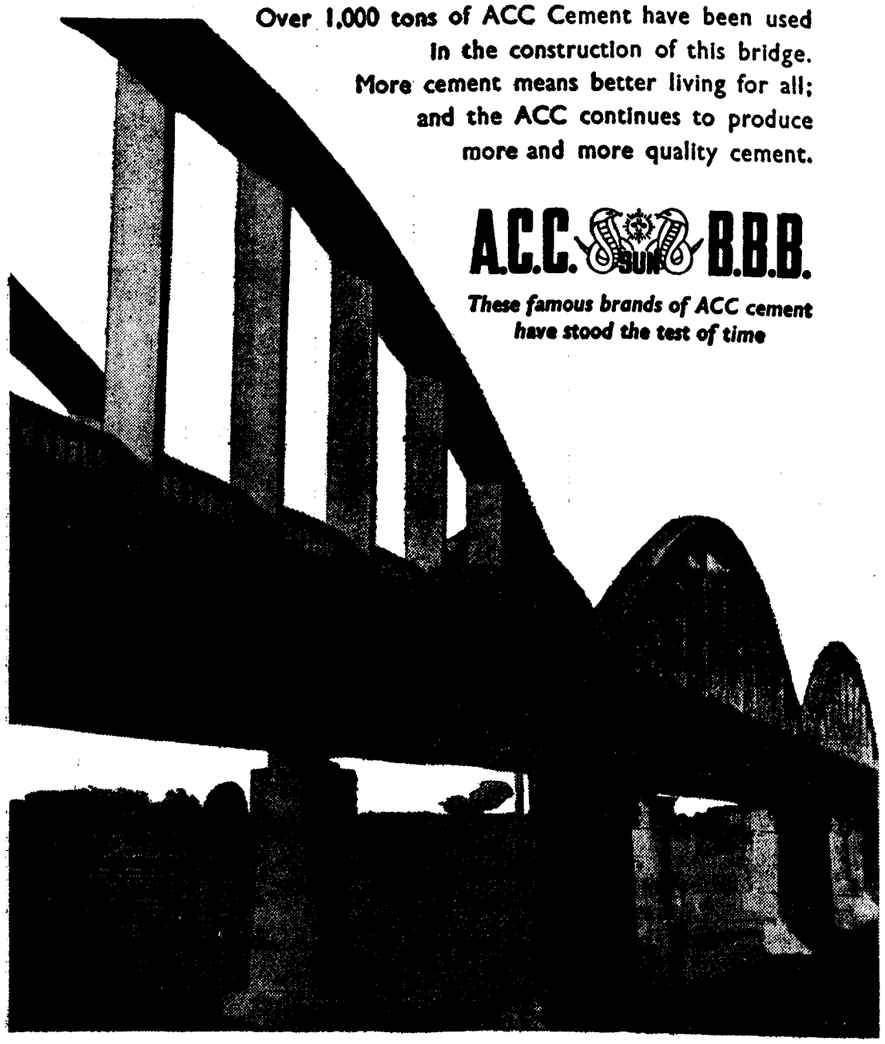
The Sindri Fertilizer Factory is the largest and most modern of its kind in Asia. Built at a cost of Rs. 23 crores this giant scheme includes gas ammonia and sulphate plants, a 90,000 storage silo, a power house and 12 miles of railway track. Apart from large quantities of other materials, no less than 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.



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COMPANY AFFAIRS

ALLIANCE JUTE MILLS COMPANY, LTD.

The working results of the above Company (Managing Agents: McLeod & Co., Ltd.) for the half-year ended June 30, 1954, are disappointing. The figure for sales at Rs. 108.48 lakhs shows a decline of nearly 17 per cent over the previous half-year figure of Rs. 130.90 lakhs. The stocks and the manufacturing expenses have gone up, and stand as high as Rs. 14.87 lakhs and Rs. 69.12 lakhs respectively. With the decline in sales and rise in the manufacturing expenses, the net profit, after providing for depreciation but not for taxation, has registered a fall from Rs. 9.47 lakhs to Rs. 3.32 lakhs during the half-year under review.

The directors have provided Rs. 1.28 lakhs for depreciation and Rs. 50,000 for bad and doubtful debts. Rs. 1.25 lakhs go to General Reserve. Despite a fall in the net profit, they have stepped up the dividend from 10 per cent to 12 per cent per annum. The market price of the share being Rs. 160, the running yield works out to 6.6 per cent.

Trading conditions were reported by the directors to be difficult during the half-year under review, but there was a marked improvement in Heavy Goods prices in the latter half of the period. The anticipated shortage of raw material did not materialise, and prices declined rapidly during May-June with reports of a large 1954-55 crop. Subsequent reports of flooding in the main jute growing areas and consequent shortage of and damage to the jute crop again raised prices.

The working of the Company during the last three half-years is outlined in the table below:

(In lakhs of rupees)

Half-year ended	30-6-1953	31-12-1953	30-6-1954
Sales	109.56	130.90	108.48
Stocks	9.51	9.79	14.87
Salaries and Wages ..	27.82	27.76	27.98
Manufacturing Expenses	61.86	63.05	69.12
Net Profit*	5.85	9.47	3.32
Depreciation ..	1.50	1.61	1.28
Provision for Bad and Doubtful Debts	Nil	0.50	0.50
General Reserve ..	Nil	3.00	1.25
Ordinary Dividend (rate per cent per annum)	Nil	10	12

* After providing for depreciation but not for taxation.

THE "BIRD-HEILGERS" GROUP OF JUTE COMPANIES

The audited accounts of the nine jute companies managed by Bird and Co., Ltd., and F. W. Heilgers and Co., Ltd., for the half-year ended September 30, 1954, are now available for review. A statistical table which has been set out below reveals the salient features of the working of the companies during the last two half-years. Six out of the nine companies have stepped up the ordinary dividend while two have maintained the same at 2 per cent per annum. Naihati has once again passed over the dividend. Auckland enhanced the dividend from 2 to 5, Dalhousie from 2 to 3, Union from 2 to 10, Lawrence from 4 to 8, Northbrook from 10 to 15, and Kinnison from 4 to 10 per cent per annum.

A study of the net profit shows that with the exception of Lansdowne which has incurred loss during the half-year under review, all the other companies have recorded substantial increases in their profits. The combined net profit of the companies is up by Rs. 13.97 lakhs from Rs. 2.70 lakhs to Rs. 16.67 lakhs during the half-year under review. The directors report that trading conditions continued to be difficult and prices of goods fluctuated widely due to heavy speculative operations in Fatka market. Sacking manufactures were, for the most part, in short supply and in order to take advantage of the improvement in the sacking market 12½ per cent of looms sealed in sacking were reopened and a corresponding number of looms were sealed in hessian. Supplies of raw jute were ample throughout the half-year but prices were well maintained in the earlier period due to reports of drought and late sowings. Later in the period jute prices eased on reports of the expectation of a bumper crop and it was then that business in raw jute and manufactured goods showed a margin of profit. The working hours were increased to 45 hours weekly from July 12, 1954. The heavy floods which affected most of the jute growing areas in both India and Pakistan, together with the increase in working hours, caused a sharp rise in raw jute prices and with overseas consuming markets resisting present price levels business once again showed practically no margin of profit.

With the exception of Lansdowne, all the other companies have registered higher sales as compared with the last half-year. The loss in Lansdowne was due to the difficult labour conditions.

	Half-year ended	Sales	Stocks	Depreciation	Net Profit	Ordinary Dividend Rate Per Cent Per Annum
Auckland	31-3-1953	63,80,410	1,58,107	71,918	+ 27,415	2
	30-9-1954	66,57,729	1,20,671	1,48,523	+1,65,705	5
Dalhousie	31-3-1954	59,49,610	1,16,101	83,406	+ 62,319	2
	30-9-1954	60,49,060	2,15,520	71,241	+1,00,839	3
Union	31-3-1954	1,00,24,077	3,52,755	90,155	+2,98,293	2
	30-9-1954	1,12,42,350	1,87,893	2,98,698	+4,17,894	10
Lawrence	31-3-1954	66,28,228	85,876	43,850	+ 80,236	4
	30-9-1954	66,68,069	1,21,397	43,987	+1,55,256	8
Lansdowne	31-3-1954	73,28,476	1,91,904	92,108	— 42,551	2
	30-9-1954	68,12,572	90,385	88,873	— 53,836	2
Northbrook	31-3-1954	55,38,231	2,06,784	1,74,846	+1,18,749	10
	30-9-1954	57,61,508	1,18,987	1,55,108	+2,61,309	15
Standard	31-3-1954	53,66,866	1,20,074	31,699	— 89,249	2
	30-9-1954	54,43,380	75,218	37,680	+ 30,694	2
Kinnison	31-3-1954	1,05,87,965	4,37,298	2,18,000	+ 9,725	4
	30-9-1954	1,11,38,263	3,40,549	2, 51,300	+4,14,670	10
Naihati	31-3-1954	65,82,452	4,97,807	1,30,000	—1,95,016	Nil
	30-9-1954	78,92,222	1,61,147	1,71,817	+1,74,323	Nil

COMMODITY NEWS AND NOTES

GROUNDNUT EXPORTS

The Government of India have decided to release an additional quantity of groundnut oil for export through established exporters and crushers by March 31, 1955. A quota of 10 per cent of best year's exports during any one of the four years ending March 1952, subject to a minimum allotment of 5 tons, has been announced for established shippers of groundnut and groundnut oil. No individual ceiling is being prescribed for this quota with the result that shippers will be given the maximum allotment to which they would be eligible on the percentage basis. In addition, it has also been decided to give facilities to crushers to participate in the export trade. Exports by crushers will be licensed freely on shipping bills subject to a maximum allotment of 250 tons per shipper from all ports, provided, however, that the crusher is able to produce a certificate from the Excise authorities showing that cess has been paid by the applicant during any one of the three years 1952, 1953 or 1954 on groundnut oil crushed by him. It has also been decided to release for the time being a quota of 25,000 tons for export of groundnut oilcake (expeller variety). Licences will be issued freely on shipping bills for shipment by the end of March, 1955, provided the applicant is able to produce satisfactory evidence of a firm contract and of freight having been booked and subject to a maximum allotment of 1,000 tons per shipper for shipment from all ports. Exports of de-oiled groundnut meal (solvent extracted variety) will also be licensed freely on the same basis, till the end of March 1955, as groundnut oilcake (expeller variety). This will be in addition to the ceiling of 25,000 tons fixed for groundnut oilcake. By a separate notification issued simultaneously the Government have imposed an export duty of Rs. 230 per ton on groundnut oilcake and Rs. 175 per ton on de-oiled groundnut meal (solvent extracted variety having less than ½ per cent oil content.)

DISTRIBUTION OF IMPORTED SUGAR

The Government of India have decided that the existing system of distribution of imported sugar f.o.r. destination stations will discontinue and that from February 1, 1955, onwards, imported sugar will be sold on ex-dock/ex-godown basis at different ports at the reduced price of Rs. 29-8 per maund in the case of British Refined, East German, Polish and French qualities and at Rs. 29 per maund in the case of Cuban sugar. The minimum limit of the quantity to be released to any party has been raised to 60 tons. The special scheme of distribution of sugar in Calcutta through depots will be terminated with effect from February 1, 1955. The Government of India have also decided to lift the ban on the movement of sugar from Calcutta to mofussil areas with effect from the same date.

EXPORT OF PULSES

The Government of India have decided to allow further export of a limited quantity of pulses from the ports of Bombay, Calcutta, Madras, Rajkot and Cochin. Export will be allowed by internal dealers in pulses who had a minimum turn-over of over Rs. 50,000 in any of the three years 1951, 1952 or 1953 subject to a maximum allotment of 50 tons to any one shipper from Bombay, Calcutta and Madras and 25 tons from Jamnagar, Cochin, Tuticorin and Visakhapatnam. For full details Export Trade Control officers at the ports may be contacted.

KARDI AND NIGER SEED EXPORTS

The Government of India have decided to release a further quota of kardi seed and niger seed for export. Licensing will be done on shipping bills from the ports of Bombay, Calcutta and Madras within a ceiling, subject to a maximum allotment of 500 tons to any one shipper from all the ports and on production of evidence of having booked freight space. The shipping bills will be valid for seven days only.

THIRD ESTIMATE OF COTTON

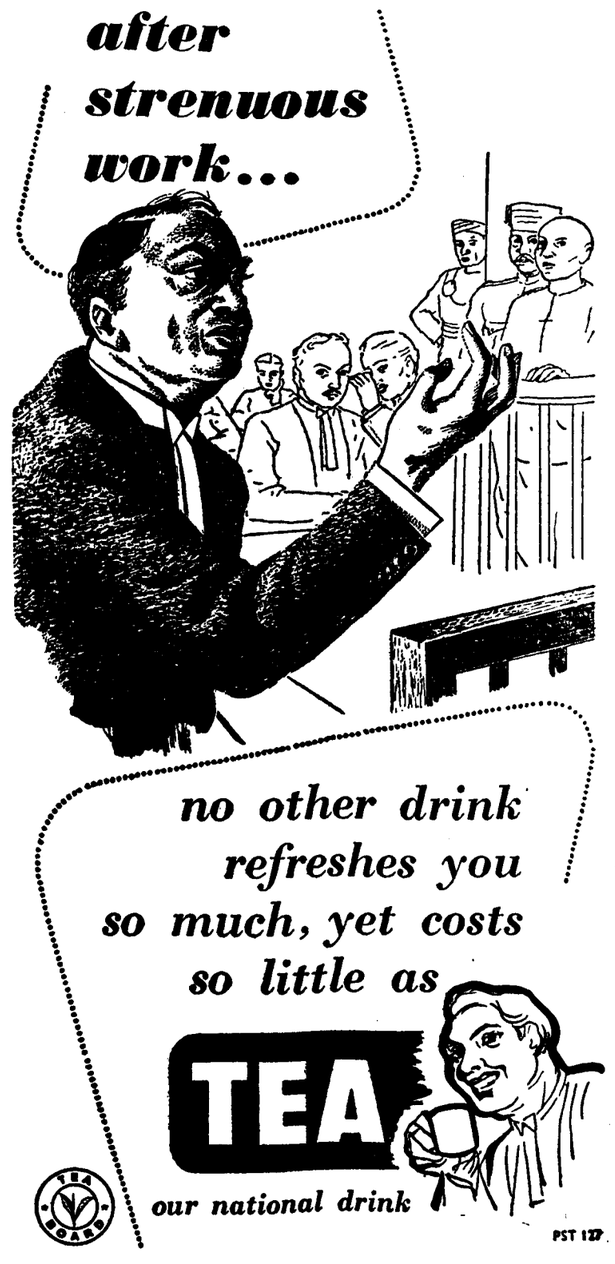
According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India third estimate of cotton, 1954-55, puts the current year's area and production at 16,116,000 acres and 3,657,000 bales (of 392 lbs. each) of cotton lint, as against the adjusted third estimate of 15,010,000 acres and 3,297,000 bales, respectively, for 1953-54. The current year's estimate, thus, shows an increase of 1,106,000 acres or 7.4 per cent in area, and 360,000 bales or 10.9 per cent in production over last year. The production of cotton seed is estimated at 1,280,000 tons during 1954-55, as against the corresponding adjusted estimate of 1,154,000 tons for 1953-54, thereby showing an increase of 126,000 tons.

Details according to staple lengths of current and previous years' estimates are given below.

The increase in area and production of cotton during the current year has been reported mainly by Bombay, PEPSU, the Punjab, Madhya Pradesh, Hyderabad and Kutch and has been attributed to favourable weather conditions and to efforts made under the and Bhopal. The information given in this estimate relates generally to the period up to the middle or end of November 1954. This estimate does not cover the entire area sown to cotton crop during 1954-55. 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. The trade estimates of cotton are generally higher than the official estimates. At this stage, the latest available trade estimates put the size of the current year's crop at 47.20 to 48.27 lakh bales as against their corresponding estimates of 42.78 to 46.22 lakh bales for 1953-54 crop.

quent increase in production in some States, especially in the case of Bombay, PEPSU and Madhya Pradesh. Slight decreases in acreage and production have, however, been reported by Madhya Bharat, Assam, U.P., Cotton Extension Schemes during the current year. The high prices of cotton at the time of sowing also contributed towards the increase in area and conse-

Staple	Area (Thousand Acres)			Production of cotton lint (Thousand bales of 392 lbs. each)			
	1954-55 (Third Estimate)	1953-54 (Adjusted Third Estimate)	Increase (+) or decrease (—) of col. (2) over col. (3)	1954-55 (Third Estimate)	1953-54 (Adjusted Third Estimate)	Increase (+) or decrease (—) of col. (5) over col. (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Long Staple	5,262	4,722	(+) 540	1,278	1,043	(+) 235
Medium Staple	7,108	6,801	(+) 307	1,532	1,468	(+) 64
Short Staple	3,746	3,487	(+) 259	847	786	(+) 61
TOTAL	16,116	15,010	(+)1,106	3,657	3,297	(+) 360



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INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954 ..	381.5	481.5	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ,, c ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ,, c ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ,, c ..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
Week Ending										
1-1-1955 ..	318.4	429.7	345.7*	374.4	570.5	366.3	90.4	100.7	88.5	113.6
8-1-1955 ..	312.0	437.4*	345.3*	374.7*	563.1*	365.0*	90.5	100.7	88.5	114.5
15-1-1955 ..	313.6	437.4	345.3	376.1*	566.9	365.9*	90.6	100.7	88.4	115.3
22-1-1955	308.7	430.9	344.6	376.8	567.1	363.4	90.6	100.7	88.2	115.1

†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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	139
November	344	361	227	139	325	387	—	—	337	146	139	—
December	—	—	—	135	—	—	—	—	337	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 5-2-1955			29-1-1955			22-1-1955			15-1-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	92- 9	91- 2	92- 5	92- 0	91- 2	91-11	92- 2	90-12	91- 5	90- 9	88-14	89-11
Silver (per 100 fine tolas)	161- 7	160-11	161- 1	161- 9	160- 3	161- 1	161-14	158-11	160- 2	158- 6	155- 8	157- 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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
June 1954	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,15	695,72	56.33	104,27	434,90	1,235,13
Week Ending										
24-12-1954	1,195,62	30,88	1,235,35	40,02	663,15	703,17	57.33	105,59	417,75	1,226,51
31-12-1954	1,200,49	26,01	1,226,51	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50
7-1-1955	1,219,29	15,80	1,235,09	40,02	663,15	703,17	56.93	104,24	427,69	1 235,09
14-1-1955	1,224,51	10,44	1,234,95	40,02	653,21	693,23	56.13	104,09	437,63	1,234,95
21-1-1955	1,219,47	15,69	1,235,16	40,02	653,21	693,23	56.12	104,30	437,63	1,235,16
28-1-1955	1,217,72	17,60	1,235,32	40,02	653,21	693,23	56.12	104,46	437,63	1,235,32

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3.02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,96	15,45	61,48	34,01	164,95	20,97	196,89	15,19	3,45	74,99	2,01	19,23	71,78	10,26
Week Ending														
24-12-1954	62,53	13,72	66,92	34,23	177,41	21,05	208,46	31,18	10,11	67,01†	1,61	13,17	75,78	9,59
31-12-1954	54,89	16,74	69,13	34,39	175,15	20,81	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65
7-1-1955	52,96	11,10	63,83	34,40	162,29	20,65	192,94	16,03	4,75	66,90†	2,75	18,33	74,50	9,68
14-1-1955	55,47	13,94	60,32	33,85	163,58	22,17	195,75	10,75	4,03	76,56†	2,73	20,00	71,93	9,76
21-1-1955	53,36	16,18	63,64	33,74	166,92	22,50	199,42	16,03	2,45	80,08†	1,77	18,64	70,63	9,83
28-1-1955	54,03	20,77	58,14	34,06	166,99	18,56	199,46	17,94	2,55	76,40†	79	19,96	70,07	11,76

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

SCHEDULED BANKS

(Rs. in Lakhs)

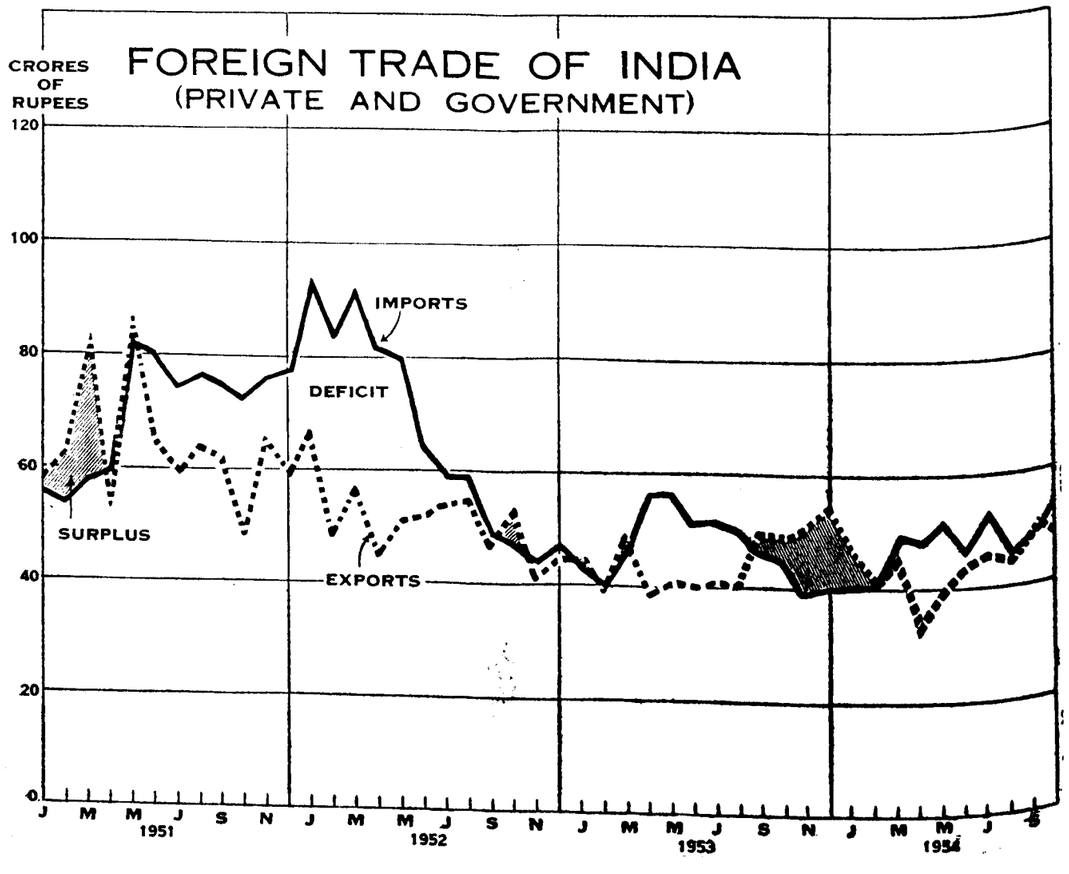
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	456	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
October 1952 ..	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	443,60	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	436,03	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,334
Week Ending										
9-7-1954 ..	544,05	336,96	881,01	31,60	42,95	8.46	467,30	79,87†	62.11	328,04
16-7-1954 ..	550,19	340,47	890,66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,29	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350.15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66,02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939,15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367,14	939,70	32,25	58,16	9.62	476,03	76,67†	58.82	351,13
21-1-1954 ..	582,91	368,61	951,51	32,95	61,77	9.95	475,00	80,44†	58.38	352,36
28-1-1954 ..	579,97	370,43	950,39	33,94	57,88	9.66	481,02	78,98†	58.92	352,79

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

FOREIGN TRADE OF INDIA

SEA, AIR AND LAND

Year & Month	Imports Rs. Lakhs	Exports Rs. Lakhs	Index Nos. of Average Unit declared Value 1948-49 =100		Index Nos. of Quantum of Foreign Trade 1948-49=100	
			Imports	Exports (Including re-exports)	Imports	Exports (including re-exports)
1950-51	610,36	624,65	109.0	114.6	93	124
1951-52	955,39	742,78	130.2	168.9	118	98
1952-53	660,65	578,36	128.7	118.9	88	109
1953-54	565,25	527,98	114.3	111.2	85	109
January 1953	43,49	44,45	120.0	110.2	73	110
February	39,99	39,24	122.7	110.5	68	98
March	47,08	48,84	116.4	112.8	85	115
April	56,49	38,87	116.7	110.6	103	97
May	56,07	40,99	121.0	111.7	99	101
June	51,40	40,03	121.0	113.2	88	97
July	51,77	40,98	111.9	110.3	94	102
August	49,95	40,05	111.1	113.3	91	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
January 1954	39,90	44,63	111.2	109.9	73	111
February	40,07	40,76	115.0	110.8	73	101
March	49,59	46,57	118.5	105.3	87	121
April	47,81	31,50	114.7	106.0	87	81
May	51,69	38,71	114.4	109.3	94	97
June	45,74	43,43	114.7	110.7	83	107
July	53,73	46,72	117.0	113.6	96	113
August	45,48	45,58	111.1	113.1	85	110
September	48,48	50,47	112.4	113.9	89	122
October	54,22	47,51	..	..	..	..



NATIONAL INCOME ESTIMATES OF THE INDIAN UNION 1948-49 TO 1951-52

NATIONAL INCOME BY INDUSTRIAL ORIGIN

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
Agriculture				
agriculture, animal husbandry and ancillary activities ..	48.8	47.8	43.8	41.6
forestry	0.7	0.7	0.7	0.6
fishery	0.4	0.4	0.4	0.3
total of agriculture ..	49.9	48.9	44.9	42.5
Mining, manufacturing and hand-trades				
mining	0.9	0.7	0.6	0.6
factory establishments ..	6.9	5.5	5.4	5.5
small enterprises ..	9.5	9.1	9.0	8.7
total of mining, manufacturing and hand-trades ..	17.3	15.3	15.0	14.8
Commerce, transport and communication				
communication (post, telegraph and telephone) ..	0.4	0.4	0.3	0.3
railway	2.1	1.8	1.8	1.7
organised banking and insurance	0.8	0.7	0.6	0.5
other commerce and transport	14.6	14.0	13.9	13.5
total of commerce transport and communication ..	17.9	16.9	16.6	16.0
Other services				
professions and liberal arts ..	5.0	4.7	4.5	4.3
government services (administration)	4.5	4.3	4.1	4.0
domestic service ..	1.4	1.3	1.2	1.2
house property	4.1	4.1	4.0	3.9
total of other services ..	15.0	14.4	13.8	13.4
net domestic product at factor cost ..	100.1	95.5	90.3	86.7
net earned income from abroad	—0.2	—0.2	—0.2	—0.2
net national output at factor cost—national income ..	99.9	95.3	90.1	86.5

SHARE OF GOVERNMENT IN DOMESTIC PRODUCT AND EXPENDITURE

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
Government share in generation of net domestic product				
net output of government enterprises	3.2	2.9	2.7	2.4
net output of government administration ..	4.5	4.3	4.1	4.0
net output of the private sector	92.4	88.3	83.5	80.3
net domestic product ..	100.1	95.5	90.3	86.7
Government share in national expenditure				
government current expenditure on commodities and services (governmet administation)	5.8	5.6	5.4	6.4
government administrative capital expenditure ..	1.1	1.0	1.2	1.0
government enterprises capital expenditure ..	1.9	1.6	1.5	1.1
net national expenditure at market price	105.8	100.3	94.6	90.6
Government draft on private income				
direct taxes	2.4	2.3	2.2	2.4
indirect taxes	5.3	4.3	3.9	3.6
miscellaneous fees, etc. ..	1.0	1.1	1.0	0.9
private income ..	100.3	95.7	90.5	87.0
Government capital formation and finance				
surplus on current account and maintenance provision ..	2.8	1.9	1.6	0.1
government borrowing at home	0.0	0.5	0.1	2.7
government borrowing abroad	0.7	0.1	0.2	—2.2
extra-budgetary receipts and adjustment for cash balances	—0.5	0.2	0.8	1.5
gross capital formation on government account ..	3.0	2.7	2.7	2.1

NATIONAL ECONOMY AND THE REST OF THE WORLD

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-50 (5)
Exports and imports in relation to net national product gross of imports.				
exports of commodities and services ..	8.6	7.6	6.3	5.7
imports of commodities and services	10.3	6.9	6.7	8.0
net national product gross of imports of commodities and services	110.2	102.2	96.8	94.5
Receipts from abroad in relation to net domestic product.				
net earned income from abroad	—0.2	—0.2	—0.2	—0.2
net donations from abroad ..	0.2	0.1	0.1	0.1
net domestic product ..	100.1	95.5	90.3	86.7
Financing of import surplus.				
private long term borrowing ..	—0.0	—0.1	—0.1	—0.2
other long term borrowing (official and banking institutions)	1.0	0.0	0.2	—2.2
short term borrowing (balancing short term capital movements)	0.7	—0.5	0.4	4.8
net borrowing ..	1.7	—0.6	0.5	2.4
import surplus (commodities and services) ..	1.7	—0.7	0.4	2.3
other items on current account (net)	0.0	0.1	0.1	0.1
net deficit on current account —net borrowing ..	1.7	—0.6	0.5	2.4

RELATIONSHIP BETWEEN THE NATIONAL INCOME AND THE OTHER MAIN AGGREGATES OF INCOME AND PRODUCT

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
net domestic product at factor cost	100.1	95.5	90.3	86.7
earned income from abroad ..	—0.2	—0.2	—0.2	—0.2
net national product at factor cost—national income ..	99.9	95.3	90.1	86.5
indirect taxes including miscellaneous fees	6.3	5.4	4.9	4.5
less subsidies ..	—0.4	—0.4	—0.4	—0.4
net national product at market price	105.8	100.3	94.6	90.6
net domestic product at factor cost	100.1	95.5	90.3	86.7
less income from domestic product accruing to government	—0.8	—0.7	—0.6	—0.5
income from domestic product accruing to private sector ..	99.3	94.8	89.7	86.2
national debt interest ..	0.4	0.4	0.5	0.5
earned income from abroad ..	—0.2	—0.2	—0.2	—0.2
transfer payments ..	0.6	0.6	0.4	0.4
net donations from abroad ..	0.2	0.1	0.1	0.1
private income ..	100.3	95.7	90.5	87.0

* abja=100 crores

SEA-BORNE TRADE OF INDIA

Composition of Trade (Rs. in thousands)

	IMPORTS				EXPORTS (including re-exports)			
	September		6 months April-September		September		6 months April-September	
	1953	1954	1953	1954	1953	1954	1953	1954
I. Food, Drink & Tobacco								
Fish (excluding canned fish)	44	60	8,38	6,07	42,65	52,83	1,99,08	1,85,01
Fruits and Vegetables ..	76,44	30,50	4,61,36	2,92,79	1,10,27	1,09,11	7,93,81	6,48,30
Grain, Pulse and Flour* ..	3,00,61	5,06,34	57,01,70	23,18,79	61	2,09	1,17	19,01
Liquors	9,81	8,28	82,76	70,04	78	1,29	2,41	4,59
Provisions & Oilman's stores	86,32	79,84	4,24,30	3,74,27	15,28	13,74	68,03	1,21,87
Spices	58,60	27,34	2,86,10	1,65,54	1,20,69	53,54	6,89,48	5,83,67
Sugar	..	80,71	7	2,47,09	..	1,41	7,77	3,82
Tea	65	..	6,41	9	12,01,09	14,70,01	41,08,15	51,03,27
Other Food and Drink ..	14	18	29	78	5,57	32,66	33,74	5,06,15
Tobacco	91	4,64	32,80	42,94	1,26,46	38,86	7,01,13	7,02,93
TOTAL, CLASS I. ..	14,62,82	5,37,66	69,44,17	35,18,40	16,23,40	17,75,52	66,85,01	78,78,63
II. Raw Materials and Unmanufactured Articles								
Coal and coke ..	..	..	..	..	38,84	43,74	2,53,71	2,19,29
Other non-metallic mining products, etc. ..	27,30	47,35	1,52,69	2,86,63	70,37	78,41	5,15,05	4,12,63
Fodder, Bran and Pollards ..	32	99	2,77	1,77	..	3,21	..	21,22
Gums, Resins and Lac ..	12,89	9,69	54,19	40,84	64,73	91,31	3,32,56	4,98,33
Hides and Skins, raw ..	2,03	1,81	14,50	19,32	40,07	55,48	2,99,46	3,44,71
Metallic ores and scrap iron	191	5,59	12,96	20,04	3,27,95	1,22,13	18,82,12	8,36,92
Oils of all kinds ..	6,63,88	7,06,55	47,51,66	52,19,15	40,53	1,33,20	4,50,15	4,28,56
Oil cakes of all kinds ..	..	..	..	..	12	81	1,49	2,19
Paper-making materials ..	17,92	23,19	66,36	98,74	3,12	2,54	16,88	11,50
Rubber, raw or crude ..	54	26,58	3,84	61,90	3	..	1,05	..
Seeds (including nuts for oils)	71,60	1,08,35	2,09,81	3,42,20	12,51	6,37	1,21,30	1,14,79
Tallow, Stearine and Wax ..	12,19	8,52	63,58	63,68	78	17	3,15	3,65
Cotton, raw and waste ..	4,79,31	2,30,76	33,13,63	34,05,55	93,95	1,20,69	9,13,62	6,52,83
Jute, raw ..	21	..	2,43	1,58	..	..	..	..
Silk, raw and cocoons ..	5,02	6,06	37,62	30,29	1,58	65	12,98	3,49
Wool, raw and tops ..	93,22	60,67	5,16,86	4,58,17	45,83	66,47	3,01,51	5,29,49
Other textile materials ..	33,38	36,13	1,52,47	2,96,09	8,72	4,73	47,54	64,66
Wool and Timber ..	21,72	14,34	79,83	94,07	6,78	4,56	44,17	43,87
Miscellaneous ..	7,03	50,34	2,85,45	1,02,64	56,49	61,50	3,26,11	4,03,66
TOTAL, CLASS II ..	13,40,51	14,86,39	97,20,65	1,05,42,66	8,12,39	7,95,98	55,23,23	45,91,76
III. Articles Wholly or Mainly Manufactured								
Apparel	2,73	3,79	16,67	17,91	26,26	19,83	1,59,89	1,32,56
Arms, Ammunition & Military Stores	14,69	18,61	1,01,18	1,18,25	..	48	4	1,25
Chemicals, Drugs and Medicines	2,11,44	2,80,67	11,91,76	15,46,60	28,99	38,05	2,06,61	2,55,42
Cutlery, Hardware etc. ..	1,16,06	1,32,70	7,28,61	8,02,97	31,96	18,77	1,39,31	1,26,85
Dyes and Colours ..	1,39,45	1,72,10	9,96,47	10,11,84	4,71	4,93	32,53	29,87
Electrical Goods and Apparatus other than machinery	1,12,32	85,84	7,74,27	5,15,57	7,48	3,56	21,41	20,91
Furniture, Cabinetware, etc.	3,56	1,92	38,92	19,79	1,97	1,26	9,42	20,29
Glassware and Earthenware	12,67	14,44	76,93	79,30	1,45	2,34	13,51	11,24
Hides and skins, tanned or dressed, and Leather ..	2,12	3,91	15,38	18,35	1,95,12	2,43,97	11,78,73	9,42,77
Machinery of all kinds ..	7,29,22	7,12,52	43,40,07	38,82,14	9,58	8,18	56,13	48,68
Metals—Iron & steel & Manufactures thereof ..	2,79,90	2,61,14	11,72,06	13,51,80	6,55	11,62	69,84	29,52
Metals, other than Iron and Steel and Manufactures thereof	1,04,47	2,05,57	7,59,88	12,50,34	14,25	10,26	1,10,84	59,73
Paper, Pasteboard and Stationery	1,38,39	1,01,17	6,28,10	6,23,83	10,52	6,82	40,80	43,90
Rubber manufactures ..	2,73	4,26	15,49	25,07	21,47	13,47	1,01,22	66,52
Vehicles (Excld. locomotives)	1,89,11	2,94,25	9,99,24	14,90,40	11,17	8,19	49,53	61,28
Cotton yarns & manufactures	19,32	15,17	1,39,27	1,13,74	5,59,77	5,73,55	33,31,01	32,11,65
Jute yarns and ,, ..	..	..	12	24	12,38,23	11,31,02	55,85,98	62,78,81
Silk yarns and ,, ..	30	1,71	10,64	8,75	2,52	1,71	14,98	7,45
Woollen yarns and ,, ..	31,21	30,10	1,51,65	1,33,80	41,63	41,58	2,04,30	2,09,15
Other yarns & textile fabrics	1,00,68	1,37,60	7,34,31	6,49,15	36,13	29,59	1,90,16	1,91,36
Miscellaneous	79,05	92,26	5,14,48	5,17,47	1,57,87	1,51,07	7,89,58	8,12,71
TOTAL, CLASS III ..	22,89,43	25,69,73	132,05,78	141,91,30	24,07,62	23,20,25	123,05,81	125,61,92
Living Animals ..	55	1,37	6,04	3,63	3,66	5,10	23,28	24,25
Postal Articles and baggage not specified	30,74	25,78	1,79,47	1,44,17	14,69	38,54	1,68,65	1,85,24
GRAND TOTAL* ..	43,44,78	46,66,02	300,56,11	2,84,00,17	48,61,76	49,35,39	247,05,98	252,41,79

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

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.)

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THE Eastern Economist

VOL. XXIV. NO. 7. NEW DELHI, FEBRUARY 18, 1955. ONE RUPEE

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A Political Melting Pot?

THE formation of a Congress Ministry in Travancore-Cochin this week is the first sign of the changes immediately in prospect in the political field. Indications of such changes have been available now for some-time. At the time a Praja Socialist Ministry took office in Travancore-Cochin as a "healing influence" in that State with the open support of the Congress party, it was possible to entertain the hope that it might prove the beginning of an experiment in building up a democratic, responsible and constructive opposition. The first few months of the P.S.P. Ministry even strengthened this belief, though it was clear that no minority party could long maintain the precarious balance between the Congress and the Communists without losing its own individuality. The revolt within the P.S.P., however, made matters worse. The defeat of Mr. Pattom Thanu Pillai's Ministry last week on the initiative of the Congress party has only terminated an uncomfortable situation for the Chief Minister who had been treated with hostility by his own party. It was

hardly surprising that two of the members of his team chose to cross over to the party which was instrumental in the Ministry's defeat. The Travancore Tamil Nad Congress, which had split from the Congress party on a local issue, has also found itself compelled to offer support for the re-establishment of a Congress Ministry. The shifting alliances may not provide assurance of stability in the future, but they have proved successful as tactical moves to expose the political bankruptcy of the P.S.P. It is too soon yet to say whether this move would also succeed in its object of bringing home to the electorate the inevitability of the Congress becoming the last resort for maintaining stability of administration.

This failure of the P.S.P. to fulfil earlier hopes and the determination of the Congress to make a fresh bid to recapture its dominant position is the outstanding development of the last few months. Its significance is enhanced by the fact that the stage will be set for the next general elections in a little over one year. In Andhra, there is now a full-scale dress rehearsal for the all-India electoral combat. But there the P.S.P. is not anywhere in the picture; the issue before the electorate is a clear one of choosing between the pro-Congress and the Communist groups. If, as is generally expected, the former scores a clear victory over the latter, it would be a second triumph in a very short space of time for the new political strategy of the Congress party formulated at Avadi last month.

Some of these political variations relate only to that sector in Indian politics which has remained rather fluid in the last four years since the splinter groups within the Congress seceded in 1951 to test their chances of becoming prominent on the strength of anti-Congress slogans. The moral of recent events is that they have failed all along to discover a sustaining force in such slogans. It is an admission of the lack of a practicable alternative course of policy or action on the major issues of economic development, foreign policy or the pursuit of new political and social ideals. The doctrinaire Socialists alone had seceded earlier in 1948 from the Congress on a point of principle based on their doctrine. The content of that doctrine has never been expounded in practical and convincing terms, even for purposes of electioneering, but it had enough appeal to serve hitherto as a rallying point for leaders and followers of diverse views and temperament. The most interesting fact at the present time is that this Socialist doctrine seems incapable at the present time of holding together this team of longstanding adherents.

If the new Congress slogan of "the socialistic pattern of society" which was ratified at the Avadi session had been deliberately aimed to throw confusion into the Socialist ranks, it could not have been better timed. The conversion of the Congress party to the pursuit of Socialist goals should normally have proved a vindication of the Socialist stand and helped only to strengthen their convictions. It has, however, had a contrary effect. The neo-Socialist enthusiasm of Congressmen has upset the Socialists' balance and seems to have persuaded a large section of the Right-wing Socialists to consider seriously the possibility of their rejoining the Congress organisation which they left seven years ago. The current speculation in the Press on this subject may or may not materialise. It is sufficient for our purpose to take note of the fact that Mr. Madhu Limaye, the spokesman of the extremist group, has charged Mr. Asoka Mehta and his followers with the intention of rejoining the Congress. This is no wishful thinking from outside but a revelation of the trends within the P.S.P. There is nothing unexpected about this aspiration; this trend is only similar to the recent decision of the Forward Bloc to merge with the Congress, though more important personalities are here involved.

The circumstances of such re-entry of these leaders would, however, be radically different at the present time, from those in which an attempt was made two years ago by Mr. Nehru and Mr. Jayaprakash Narayan to explore the possibilities of a political coalition at the highest level. Then, as now, the controversy was only between two sections of the Praja Socialist party in which the extremists had their way. There has followed a period during which the Praja Socialists have been in the wilderness except in Travancore-Cochin, because of the irresponsibilty of its vociferous Left wing. Mr. Jayaprakash Narayan's retreat into Bhoodan provided a way out of an untenable situation but it was not in any sense a solution to the party's dilemma. A major split has since then seemed inevitable and the conversion of the Congress party to the Socialist creed has now provided a timely opening for the members of the moderate wing. It has avoided embarrassments for both; the Congress is now in a postion to assimilate them without accepting obligations about its future conduct and policy.

As a strictly political move, the leadership of Mr. U. N. Dhebar and the swing to the Socialist pattern have been productive of quick results, even when the uncertainty in Andhra is fully taken into account. Mr. Dhebar has been actively engaged in the last few weeks in facing the political problems of the Congress in Andhra and U.P. If one were to interpret the general mood of the country as of preoccupation with the constructive efforts, it is unlikely that what will remain of the P.S.P. will prove a serious enough force to be reckoned with in future. The experience of Western Socialist parties has been to the effect that it is difficult to persuade fully democratic electorates to see the virtues of total Socialism, even when it is effectively implemented by Socialist majorities in power. It is yet to be proved that the Indian electorate is different in this respect. The unbridled irresponsibility of the radical wing, which has been the pitfall of the Praja Socialist party, cannot in the long run pay political dividends.

Except for the Communists, who in their few strongholds may give a straight fight to Congress candidates, the problem of the Congress party in the next two years before it goes to the polls is essentially an internal one. It is not enough to outwit the rival parties. If the causes of discontent against Congress Ministries in special areas are not removed, such discontent may, in the present state of polarisation of the Congress and Communists, assume a worse shape than it has hitherto done. This is a problem also partly linked to the question of the reorganisation of the States. The Part C States, in particular, no longer have a claim to remain so many sources of anxiety. Their merger with the larger adjacent areas will rectify the mistake made in 1951, of believing that the democratization of these States as separate units was a political necessity before the elections. The search for leadership at all levels has to be intensified and it can bear fruit only when there is free scope for talent to show itself without being inhibited by the lack of criticism within the ranks and by the constant and close dependence on the top for initiative in policy. Congressmen can no longer ignore the consequences of their latest political swing which heighten, not reduce, their responsibilities.

The Ford Foundation in India

THAT the assistance rendered by the Ford Foundation since 1951 for the economic and social advancement of India's people has been very significant is illustrated by the Foundation's latest publication detailing its activities with special reference to this country. With its twin motto of advancement of human welfare and entire aloofness from political ideologies, the Foundation has been engaged in undertaking a wide range of welfare work, such as rural development, development of small industry, education, public administration, research and training and cultural exchange. Among the various foreign aids—technical, economic and financial—we have been receiving from abroad since independence, the Ford Foundation has been in the forefront in the high adventure of furthering the welfare of our masses. Considering the fact that as a private organisation its resources are limited, its assistance has been focussed on programmes dealing directly with the improvement of economic and social conditions of the community at large, rather than on the great physical development schemes such as irrigation and multipurpose projects. Keeping this principle in view, the Foundation has every reason to feel gratified that the programmes chosen by the Government of India to receive the Foundation's assistance are basic parts of India's plans for national development, and that most of them will find a permanent place in her national life.

The projects receiving the Foundation's assistance have been—as they should be—those drawn up by the Government of India, planned and administered through the appropriate Ministries and the Planning Commission since its establishment. At the time the Foundation was invited to this country in the autumn of 1951, the most crucial problem facing the Government of India was that of hunger, vast areas of the country having been in the grip of drought and resultant famines. Huge imports of urgently needed food were placing an alarming drain upon our foreign exchange resources. The Foundation rightly felt that any long-term planning for India's social, economic and human advancement must start with an intensive effort to improve the condition of the villages. Accordingly, during its first two years in India, the Foundation devoted virtually all its funds to support such a country-wide programme. Following on the 15 pilot projects, the Foundation embarked on its largest single scheme of training multipurpose village workers required for the pilot projects, then community projects and later the National Extension Service. Its subsequent activity was the training of specialised non-agricultural workers needed, such as social educationists, public health staff of rural projects, women extension workers and village blacksmiths and carpenters. The third requirement, leadership training, was undertaken on both long and short-term bases. A particularly notable additional activity in which the Foundation readily assisted was the exchange of Indian and American farm youth for study and work tours on farms in either country.

The objectives which the Foundation set before itself have been well stated in the following paragraphs:

"It was the Foundation's belief that because these national programmes would be integrated into India's long-term development plans and administered by the multiple facilities of the Government, its limited aid, if given to these programmes, could benefit a far wider area and a far larger number of people than would otherwise be possible. The Foundation also hoped to assist the Government to reach its objective of giving an administrative structure to its welfare services, which would not only make them more effective, but would ensure that they would become a lasting contribution to the progress of the Indian people.

"After consultation, it was mutually agreed that the Foundation's assistance could best be used in two ways; to initiate programmes, deemed urgent by the Indian Government, for which financing by ordinary Government procedures might be delayed; and to "test out" certain proposed development methods for which the Government could not readily release funds, but on which it was anxious to get test results on a scale broad enough to prove their feasibility for national application."

The Government and people of India have also to be thankful to the Foundation which, during the anxious months of 1953 when unemployment had become a matter of increasing national concern, co-operated with the Central Ministry of Commerce and Industry as well as the Planning Commission in developing small-scale industries and handicrafts, particularly those with which the Ministry wished to move forward rapidly. Instances of similar timely aids rendered by this American institution could be multiplied, but here we have to be satisfied with what has been mentioned above, coupled with the arrangement it made for two visits to this country by Dean Appleby which led to the establishment of an Institute of Public Administration, which is bound to help the nation in building a corps of high competence to support and replenish the services at top levels.

But if the objective is to be achieved quickly and efficiently, the authorities must bestir themselves with the programme of specialised training for officials as well as for the public administration teachers needed at the School. This specialised training, it has been suggested, should consist of foreign study tours with opportunities not only for academic work but, especially for administrative officials, actual observation of foreign administrative practice. Equally important is in-service training within the Indian Government for officials having common responsibilities and problems.

The Foundation, it may be noted, does not operate on any specific yearly budget in India, but gives assistance to varied programmes, carefully selected, as consultations with the Government indicate their need and desirability. Over a period of three years, according to the report, the Foundation has granted a total of $8,265,735 to India's projects. The largest single grant was $1,873,485 given towards the operation of 43 training centres for village extension workers.

To sum up, the Foundation's assistance to this country has been used, first, to initiate programmes considered urgent by the Government of India—for which financing by ordinary Government procedures might be delayed; and secondly, to 'test out' certain proposed development methods for which the Government could not readily release funds but on which it was anxious to get test results on a broad scale. While the Foundation-supported programmes in the beginning were concentrated almost entirely on agricultural development to help India overcome its grave food shortage, the Foundation has subsequently been enabled to aid programmes of a wider range. And it is encouraging to know that the programmes recommended by the Government of India for Foundation assistance are deemed basic to the country's development and that these are very likely to be continued after the grants from the Foundation have been expended. There is little doubt that the projects which have been completed and which are under execution will contribute significantly to India's social and economic development and to the easing of our major problems in human welfare.

Progress in Literacy

THE census paper on literacy and educational standards lends fresh corroboration to the utter inadequacy of facilities for the provision of education in this country. In concrete terms, the tardy pace of the expansion of education has been determined by the pattern which has been imposed on the system. It is this pattern which has been the target of all criticism. While there is an undoubted consensus that it must be radically altered to bring it into greater conformity with the life and environment of the people, it has not been possible to evolve definite solutions for different stages in respect of the content by which the new system of education ought to be informed. At the primary stage, the objectives of education have been set with fair clarity, but the same assertion can hardly be made about secondary and university education. So long as this uncertainty persists, there is bound to be a considerable degree of hesitation in pushing through vigorous schemes of reform, and expansion of education on a broader basis must inevitably continue to be hampered. The lack of enthusiasm on the part of the State Governments in launching imaginative programmes of educational development is to be understood partly in the light of this condition of uncertainty.

The state of literacy disclosed by the census figures shows not merely a low percentage of overall literacy but the prevalence of standards of education in the higher stages that give an index to the tardy rate of development in spite of twelve decades of introduction of the Western system of education. Only six crore persons out of a total of approximately 36 crores are literate in the formal sense that they can read and write. A breakdown of literacy percentage reveals the strength as well as weakness of the spread of education in the light of the social background. Literacy is very low among women, the percentage of female literacy of 7.9 standing in sharp contrast with the percentage of male literacy at 24.9. Similar disparities are indicated in the analysis of the census figures on an occupational basis. Agricultural classes have a literacy percentage of 12.1 which is by far below the percentage of 29 attained by the non-agricultural classes.

The conception of an overall literacy percentage representing the ratio of the literate population to the total population cannot but be misleading inasmuch as 100 per cent literacy is ruled out in any community. If a definite age-group of non-school-going period is excluded, the real state of education would be reflected in what may be termed the index of literacy. Exclusion of the age-limit up to 5 would be reasonable on any test, but in raising the limit to 10 the census compilation has obtained results that can be interpreted only as making too liberal an allowance which is hardly in keeping with the average minimum school-going limit in this country. The index of literacy, based on the ratio of literates of 10 years and above to the total population in this specific age-group gives an index, in the case of males, of 55 per cent in the urban areas and 24 per cent in the rural areas, the corresponding ratios for women ranging as low as 27 per cent and 6 per cent.

A broad and enduring basis for a higher structure of education needs to be laid at the primary stage. It is at this strategic level that the shortcomings of the educational system assume a grave proportion. In embodying a directive principle for the extension of free and compulsory education to all children until the attainment of the age of 14, the Constitution of India has prescribed a target which, if it appears relatively modest, is in reality ambitious for the stature of the country in education. The percentage of literacy in the age-group 5 to 14 could hardly touch the level of 20.8 in 1951. It is certainly beyond the stretch of reasoning to expect it to be raised to 100 per cent by 1960. In retrospect, this time-limit transpires to be an index of the aspirations of New India to force the pace of progress.

The strides which this country has to make in expanding the base of literacy to cover the entire population of the primary school-going age cannot be underrated. Four-fifths of the children of the age-group 5 to 14 who are now illiterate reside mostly in the rural and semi-urban areas. It is in these regions that financial and manpower resources will need to be directed. To provide both these types of resources is primarily a function of the State. Self-help from the communities to be benefited by the schools can hardly go any way beyond the provision of free buildings. This is essentially a responsibility of the State Governments and the measure of the finance which the Central Government can provide here is conditioned entirely by the readiness of the former to undertake specific schemes of expansion of schools at the basic stage.

The parsimonious outlay of over Rs. 2.25 crores by the Central Government in the first three years of the Plan out of a total of Rs. 20 crores on pre-university education indicates the paucity of development programmes launched by the State Governments. The expenditure of the State Governments in this period shows progressive allocations, but the shortfalls in the schedule cannot be concealed. In primary education it has amounted to Rs. 41 crores or merely 56 per cent of the aggregate earmarked for the five-year period. The progress in physical terms brings out the real magnitude of the deficiency in performance. By the end of December 1953, additions of new primary schools were as low as 16,300 out of the projected 38,000 for five years, while less than one-fourth of the expected additional children have been extended the benefit of school facilities. The pattern of basic education which is to replace the existing institution of primary schools must obviously involve inordinate delays since a stagnation point has been reached with just one-fourth of the projected expansion.

If literacy is to be sustained and broadened and conditions are to be secured for the attainment of higher standards in the upper reaches of education, no funds must be grudged for the expansion of primary and basic schools. The results achieved in Bombay State indicate the direction in which the development of education should proceed to create conditions suitable for the introduction of free and compulsory primary education. The immediate target should be to leave no village with a population of 500 persons and above without a school of its own and no village with a smaller population should be far removed from group schools. Primary education incorporating instruction in crafts needs to be transformed into an integral part of rural life. This is the minimum that literacy demands and without it no basis will have been laid for secondary education with a deliberate bias for multi-purpose schools. This cannot be treated merely as social investment in a welfare State. It is an absolute requirement in a democracy.

THE WEEK'S NOTES

ELECTIONS IN JAPAN

The general elections for the Lower House in Japan are due on February 27 and the politicians are in the grip of an electioneering campaign. All indications are to the effect that the struggle will be a bitter one, with nearly 1038 candidates for 467 seats. It is quite likely that the question of the revision of the Japanese Constitution will figure prominently on the manifestos. Prime Minister Hatoyama is reported to have stated that he regards the revision of the Constitution as "only natural" if the conservative parties won more than two-thirds of the seats of the Lower House. This is a bold attitude to take in the face of the strong opposition shown by the Socialists to rearmament, after an amendment of the Constitution which now prohibits it. Mr. Yoshida had remained equivocal about the Constitutional amendment, but because he was performing a balancing feat—between the Socialists who opposed rearmament and the Rightists who wanted it—he was able to succeed largely. The Socialists are now likely to take a strong stand on the slogan of "defend the Constitution" and it remains to be seen whether the progressive strengthening of the Left seen in the last two elections will again be in evidence. In any case, the Left groups may be able to capture more than a third of the House in order to defeat an amendment.

The Japanese Government has a ticklish situation to face at the moment in dealing with the Russian aide-memoire on the normalization of Russo-Japanese relations. The note presented by the head of a non-recognised Soviet Mission to Tokyo has been more or less accepted as an official expression of the views of the Soviet Government. There are differences between Prime Minister Hatoyama and Foreign Minister Shigemitsu on the approach to the question. The latter is known to favour insistence on prior conditions like the return of Habornai and Shikotan islands, return of Japanese war criminals and seized fishermen and boats before entering talks with the Soviet Union while the Prime Minister is willing to accept an end of the state of war between the two countries while the other issues wait. With all these complications at this time it would be too much to hope that the electorate will give a clear verdict on behalf of any party.

STALE TALK ON PASSENGER AMENITIES

The Railway Board's statement before the National Railway Users' Consultative Council on passenger amenities provided no real answer to the charge of overcrowding which was discussed by the Council. It has been said that during 1954, 136 additional trains had been introduced and the runs of 117 trains extended. At last, there has been a review of the state of overcrowding and the results of the survey remain to be studied and implemented. The stock answer to every charge of overcrowding would be the insufficiency of coaches and locomotives. But there is enough evidence that in some zones the overcrowding reaches atrocious proportions and passengers are seen hanging around windows and doors while larger numbers are packed inside. This is a daily sight in the Eastern Zone and the remedy clearly is the introduction of more shuttle services for those who have to make a journey to work. Their numbers are large in an industrial area; while a complete remedy will come only with the electrification of the train services in the region, the introduction of shuttle services cannot be postponed unless the Railways are determined to remain callous to the suffering imposed on local traffic.

The talk about amenities almost makes one believe that the millennium is nearby. While some long-distance passengers have been benefited by reservations and by the new types of coaches, there is little evidence of the change of attitude to lower class passengers. Their waiting rooms are insanitary and overcrowded and even the little window-dressing done in certain big stations is not seen elsewhere. Unless the periods of waiting are shortened, no improvement can occur. In this respect some regions suffer more than the others and overall statistics do not tell the whole story. If there is a more imaginative planning of the short-distance traffic schedules, there will be automatic relief to all lower class passengers. It can also reduce the burden on the catering services whose inadequacy and inefficiency are apparently beyond remedy.

NUCLEAR POWER FOR BRITAIN

Britain is the first country in the world to announce a programme for the building of nuclear power stations and is thus a pioneer in the peaceful uses of atomic energy. In five years' time, these stations should be producing electricity commercially from nuclear energy. The first four nuclear power stations, expected to be completed by 1963, will have an output of from 400,000 to 800,000 kilowatts. This is revealed in the White Paper on nuclear power issued on February 15, which states that the fulfilment of the 10-year provisional programme outlined would provide 12 nuclear power stations, with a total capacity of 1,500,000 to 2,000,000 kilowatts, by 1965. The cost of the programme is estimated to be £300,000,000. The amount of electricity produced would be equal to that from 5,000,000 to 6,000,000 tons of coal a year. It is expected it would be possible to extract as much heat from one ton of nuclear fuel as from 10,000 tons of coal. The first reactors to be built will burn uranium, which will produce not only heat but a valuable by-product—plutonium. Taking the value of plutonium into account, the cost of electricity from the first nuclear power stations should be about 0.6d. per unit.

The power stations will be built in the usual way by private industry for the electricity authorities, which will own and operate them. The Atomic Energy Authority (A.E.A.), as the only body with the necessary experience, will give technical advice. The A.E.A. will remain primarily a research and development organisation. It will still build and operate pioneering types of reactor. From 1965 onwards it might be economically desirable to build nuclear power stations instead of the conventional coal-burning type. If all went well, the total nuclear power station capacity by 1975 could be 10,000,000 to 15,000,000 kilowatts. They would then be producing electricity at a rate equivalent to that produced by 40,000,000 tons of coal.

The White Paper points out that new technical developments may lead to more rapid progress than is forecast. On the other hand, the programme may be too optimistic; the stations may take longer to build or operate. The British Government considers that these risks must be accepted, because "the development of nuclear power has reached the stage where it is vital we should apply it commercially with all speed". There would be agreement with the claim made by Mr. Geoffrey Lloyd, Minister for Fuel and Power, that the Government's decisions, "open up tremendous prospects". They offer the possibility of a new industrial revolution, with a continuing increase in productivity and in the standard of living of our country. Mr. Lloyd added: "This is a historic day for Britain, and we must confess to a sense of excitement as we commit ourselves to start building large nuclear power stations in 1957 designed solely for producing electricity. I know of no other nation that has yet launched a nuclear power programme on this scale".

HEAVY WATER FOR INDIA

Mr. Lewis L. Strauss, Chairman of the U.S. Atomic Energy Commission, has announced that the U.S. has agreed to the request of India for the sale of 10 tons of heavy water to be used in an atomic research reactor near Bombay to carry out important research in agriculture and medicine. Heavy water is a highly distilled form of natural water used as a moderator and circulating coolant in atomic reactors, or furnaces. Consisting of a rare form of hydrogen, heavy water is very difficult and expensive to produce—being valued in the world market at from $80 to $100 a pound.

Heavy water was discovered in 1932 by the American scientist, Harold Urey, at Columbia with which he was then associated. It consists of an isotope of hydrogen twice as heavy as ordinary hydrogen. This isotope, known as deuterium, makes up one part in 5000 of ordinary hydrogen. Heavy water is similar chemically to ordinary water but weighs about one-tenth more. Deuterium can be produced by electrolysis under a process developed by the U.S. Bureau of Standards and by other methods which have not been made public. Norway produced heavy water for experimental purposes before World War II. Its value in atomic energy developments was recognized with the development of the first reactors, particularly those used for research into peaceful atomic uses.

The first atomic reactors used graphite as a moderator or casing to slow the fission of atoms so that a steady heat is produced instead of an atomic explosion. Heavy water has been used for the same purpose and has an additional use as a liquid that can be circulated. In this way the heat produced by the core of the atomic furnace can be transferred by the liquid to a boiler outside of the reactor and used to produce steam.

Although the shipment for India is characterized as a sale, details of the transaction and the price to be paid have not yet been determined. The Government of India has not yet announced details of the atomic furnace which it plans to put in operation near Bombay. It is understood that it will be devoted principally to the production of short-lived isotopes for research and possible use in treating human diseases and in the development of better food plants.

The U.S. has shipped previously long-lived radioactive isotopes to India, principally cobalt 60 and carbon 14. These two isotopes produced from ordinary substances in large atomic furnaces remain radioactive over a period of years. Cobalt 60 is gaining wide usage as a substitute for radium in the production of X-rays. The Indian reactor, if not powerful enough to produce these long-lived substances, will be able to produce other isotopes that retain their radioactivity for only a few days and in some instances only a few hours. Some of these substances are highly valuable in studies of plant and human life. Because of their short period of radioactivity they cannot be shipped and must be produced close to the scene of their use. The Government of India hopes to complete basic construction of its reactor during this year. The heavy water probably will not be shipped to India until next year as it will not be needed until the reactor is ready to begin operation. The announcement of the sale is the first practical step towards fulfilling the promise of the peaceful uses of atomic energy.

DRIVE AGAINST CAPITALISM

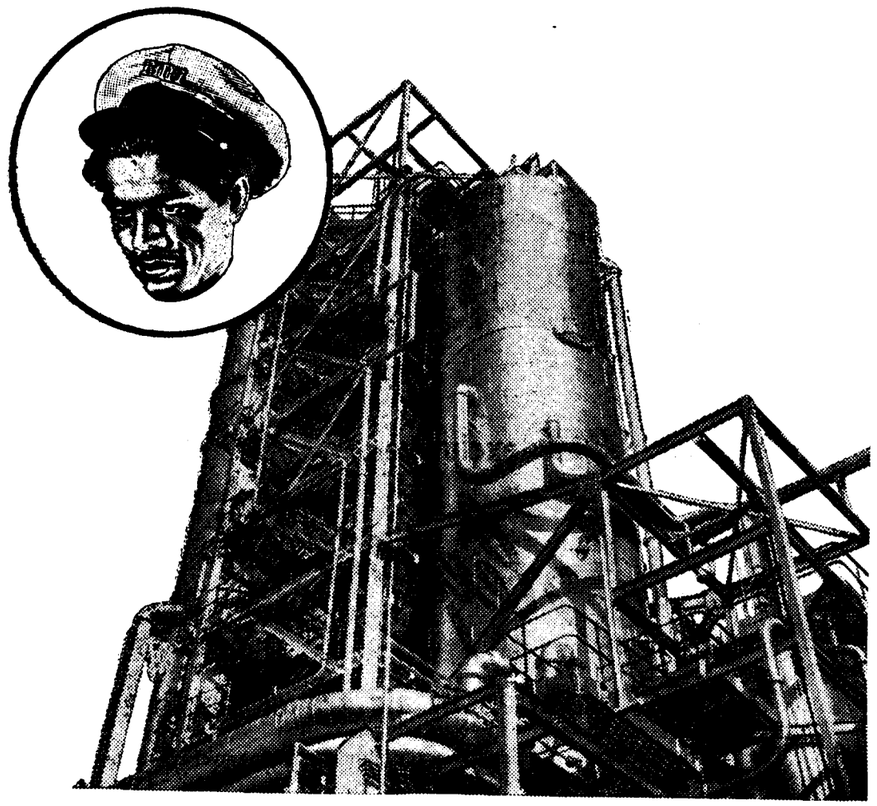
With the Congress Party's declared objective of a socialistic pattern of society, some of its leaders have lately received fresh stimulus to hit at private enterprise and capitalism. It has, indeed, become the fashion for them to declare that the days of capitalism, in any shape or form, are numbered and that, at best, it is going to be allowed to exist by sufferance rather than by a desire that it should pull its weight and take its share. True to his erstwhile career as a labour leader, Mr. Khandubhai Desai, Union Labour Minister, told the Gujerat Yuwak Congress, a few days ago, that India had embarked upon the establishment of a socialistic pattern of society, as the capitalist system had "failed to deliver the goods". Our experience during the last seven years of independence", he went on, "has proved beyond doubt that the capitalist system is actually an obstacle in the progress of an underdeveloped country like India." Our heavy industries, he added, had failed to show satisfactory expansion, while the capital had continued to choose fields for higher and quicker profits. And he ended up his attack by declaring that if the capitalist system in other countries enabled their people to raise their standards of living, it was mainly because of, and at the expense of, their colonies.

The immediate question that Mr. Desai's thesis provokes is whether the United States, which stands as a towering symbol of capitalism, has flourished and mightly raised the standard of living of the Americans, because of—let alone at the expense of—any colonies it ever had. Were it not for British capital, which was originally invested in the new world, would the U.S. itself have raised its economic potential and grown as prosperous as it has been? Would the Minister substantiate, with facts and figures, his discovery that private capital is an obstacle to the progress of undeveloped countries like India? On the contrary, why are underdeveloped countries like Turkey, Iran, India, Pakistan, Burma and Thailand—to mention but a few—receiving financial and other economic aid from the United States and Britain? What has Mr. Khandubhai Desai to say about the benefits we have been receiving under the Colombo Plan and even from the Ford Foundation? It is so easy, indeed, for anyone to indulge in wholesale condemnation of a system, but a person occupying the position of a Minister ought to exercise greater discretion in doing so.

We do not, for a moment, suggest that the capitalist system is devoid of all evils, or that it is an ideal system for wholesale adoption in this country. It is true that the capitalist system has not brought about absolute social justice and equality of income and wealth. But then it has, within the limitations imposed by resources and circumstances, certainly resulted in expansion of industries, increased employment and increased production of wealth. The question is whether, until practical ways and means are devised to usher in a truly socialistic pattern of society, the capitalist enterprise is to be given a fair deal or condemned outright as an intolerable anachronism and treated as such.

Today, as responsible capitalists in our midst have repeatedly said, the private sector is prepared to do whatever it can to ensure a more equitable distribution of wealth and income and try to eliminate the disparity between the rich and the poor, but it finds it difficult to feel that there is a reasonable climate for its working freely. In a Welfare State, our capitalists themselves are aware, private enterprise must be imbued with a spirit of social justice if it is to survive, but the powers-that-be have to pay due attention to their offer of service at least on the principle that even the devil must be given its due. It is essential that capital should not be hustled in any manner or apprehensions raised by abrupt decisions of Government or by threatening and sweeping statements of its spokesmen which make capitalists shudder to think of their future.

What does TROMBAY *mean to him?*

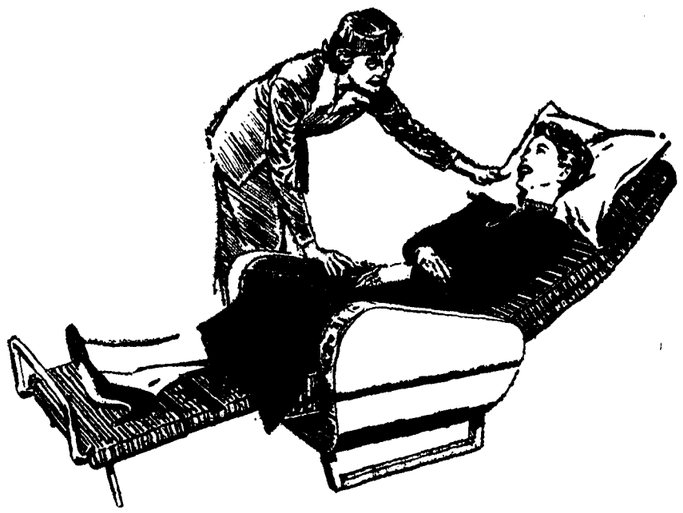


The bus conductor has his feet very firmly on the ground. Roads mean almost everything to him. India's Five Year development programme which was designed primarily to expand agriculture, has gathered momentum and more attention is now being paid to improving road transport facilities.

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WORLDGRAM

AGRICULTURE

Australian Wheat Exports in 1953-54: Total Australian exports of wheat in 1953-54, (with figures for 1952-53 in brackets) were: 967,223 (1,593,963) tons valued at £A31,019,000 (£A51,970,000). Total exports of flour were: 679,317 (776,446) tons valued at £A29,694,000 (£A37,417,000). Total value of wheat and flour exports to Eastern (including Far Eastern) countries, included in the above figures, was: Wheat £A8,058,000 (£A15,832,000): flour, £A22,707,000 (A25,975,000). Exports for the first four months show a reduction on the corresponding period of 1953-54 but are not sufficient to give a reliable indication for the full year. India is again placing substantial orders for Australian wheat, taking advantage of the short haul from her ports, and corresponding low rates for charter or tramp steamer shipments. Recent wheat freight quotations for full shiploads by charter or tramp steamers from Australian ports to Bombay or Calcutta have been increased from 55sh. to 75sh.

*

62 Million People in One Lakh Villages Under Indian N.E.S.: The coverage of the National Extension Service which covers one-fifth of the total rural population of India is to be further expanded. On April 1, this year, 10,000 more villages with over 7 million people will be added to the existing Extension Blocks, bringing the total number of villages under the programme to nearly 1 lakh (Plan target 1.2 lakhs). The new blocks have been allocated to 19 States. At present, 847 blocks consisting of 84,700 villages and a population of about 56 million are covered by the National Extension Service with which the Community Projects have been integrated. Of these, 355 blocks with about 23 million people are being covered under the intensive Community Projects Programme, while 49,200 villages comprising over 32 million are covered by the Extension Programme.

TRADE

Denmark Eases Export Restrictions: Danish export restrictions have been removed completely, with immediate effect in respect of copra, cotton, hemp, tar, vegetable oils, raw tobacco, tiles and certain wood products. Relaxations apply to certain machinery, electrical equipment, chemicals, metals and minerals, mineral oil products and rubber and rubber products. It will no longer be necessary that free exports to EPU countries must be paid for under mutual payments agreements or in dollars.

*

New Trends in Finland's Economy: Finnish contribution to world trade accounts for 5 per cent of the world's newsprint, 5.5 per cent of the plywood and slightly less than 2 per cent of the cardboard. The imports of consumer goods have declined from 20 per cent to 12 per cent of the total.

*

Leipzig Fair—1955 on February 27: The Leipzig Fair is being held from February 27 to March 9, 1955. The success of the Fair in 1954 aroused great interest in all European and overseas countries, and the Fair bids fair to become the most important place of contact for East-West trade. The countries scheduled to participate this year include the U.K., France, Austria, Belgium, the Netherlands, Luxembourg, Switzerland Denmark, Norway, Sweden, Finland, Ireland, Portugal, Italy, Greece, the Latin American countries, the North African countries, French Central African countries, French Central Africa, India, the USSR, People's Republic of China, the East European countries and East and West Germany.

German Textile Exports in 1954: West German textile yarn output amounted to 637,000 tons in 1954 or 6.4 per cent more than during 1953. With the exception of yarn for fabrics meant for furniture, consumption of yarn was higher in all categories. Output of cotton weavers amounted to 1,420 (1,379) million sq. metres representing a total value of 2,500 (2,400) million marks. (Figures in brackets relate to 1953). During the year 134,000 tons of staple fibre and 59,000 tons of rayon were produced, showing increases of 12 and 17 per cent respectively. Total shipments of yarn and textiles during 1954 (January-November) were valued at M. 1,326 million of which finished goods were valued at M. 231 million against M. 1,032 million in 1953 with finished goods at M. 140 million.

*

U.K.'s Bicycle Sales in 1954: The British Cycle and Motorcycle Manufacturers Union reports that overseas sales of British bicycles are estimated to have reached 2,100,000 machines in 1954, against 2,019,685 machines in 1953. Motor-cycle sales at about 76,000 machines were a near-record. The total amount paid by oversea customers for British bicycles and motorcycles in 1954 is estimated at £36.3 million. Total production during 1954 is reported to be 3,150,000 bicycles (2,996,000 in 1953) and 190,000 motor-cycles (152,935 in 1953).

*

Indian Export of Ungraded Wool Illegal: It recently became an offence to export Indian wool which is not graded and certified in accordance with the Government's Wool Grading and Marking Rules, 1953. This refers only to wool produced in India, and sample packages of up to 1 lb. in weight are exempted. Grading is on a colour and yield basis; fibre fineness has not been taken into account. The minimum yield prescribed—and this refers only to coloured wool—is 65 per cent; the highest categories require a yield of 85 per cent. The Central Wool Testing Laboratory is in Bombay; Inspectorate branches have been established in Rajkot, Bikaner, Fazilka, Delhi and Bombay, and the Office of the Chief Inspector (Wool, Bristles & Goat Hair Grading Scheme) in Beawar (Ajmer). Whilst Indian wool has always found a ready market abroad, the inconsistent standard of export consignments has to some extent discounted its value. The new Rules should lead to a greater appreciation of Indian wools in world markets.

INDUSTRY

Progress of Pakistan Jute Industry: The Pakistan Industrial Development Corporation is participating in the installation of 12 jute mills with a target loomage of 6,750. The target of 6,000 set for June 1957 will be achieved during 1955. Six jute mills comprising 4,750 looms have gone into production, the remaining 1,750 are in an advanced stage of installation and are expected to go into production during the first half of the current year. These mills will enable Pakistan to export jute goods to other countries after meeting internal demand.

*

U.S. Synthetic Rubber Over to Private Sector: The US Administration reports that contracts have been closed with private buyers for 24 out of 27 Government-owned synthetic rubber plants. The selling price is reported to be approximately $300 million, described as 'astonishing' in view of the fact that the plants were established during World War II.

*

The Hungarian Republic in 1954: The production of consumer goods during the first three quarters of 1954 rose by 12.5 per cent compared to the corres-

ponding period of 1953. During this period some 3.5 million square yards more of woollen cloth, nearly 6 million pairs of stockings, 810 tons more salami and 1,050 tons more butter were put on the market. Output of the light and food industries rose by 7.7 and 11 per cent respectively. Production figures went up by as much as 57 per cent in the local industries. The supply of fertilisers rose by 50 per cent in 1954. Compared to 1953 the sowing area of wheat rose by 6.9 per cent, that of potatoes by 18.4 per cent, and 16.1 per cent more roughage was sown. The new Tiszabok Dam has increased the sowing area of rice by 53.5 per cent, making Hungary one of the leading European rice producers. Towards the middle of the year earnings of workers and staff personnel rose by 15.8 per cent over the previous year, while prices of consumer goods were lowered by 8.3 per cent. Retail trade in this period rose by 25 per cent and bears testimony to rising purchasing power.

*

F.O.A. Railway Freight Cars for India: The U.S. Foreign Operations Administration reveals that of the total of 100 steam locomotives and about 8,700 freight cars to help rehabilitate India's railway system some 3,300 cars will be built in the United States, and 2,000 cars in the United Kingdom. Contracts have been awarded to three companies, two U.S. and one British, for the construction of 5,300 freight cars to be shipped to India. The total cost of the programme to the U.S. is estimated at $39 million. India will provide, in local currency, the cost involved in ocean transportation of the equipment. Contracts are now being negotiated for the remainder of the freight cars to be built for India. Contracts for the construction of 50 of the locomotives have been awarded to the United States, 25 to Great Britain, and 25 to Japan. The entire order of freight cars and locomotives is expected to be completed by the end of this year.

*

Indian Small Industries Corporation Registered: The Small Industries Corporation, designed to assist small industries, has been registered as a private limited company under the Indian Companies Act. The Corporation will have an authorised capital of Rs. 10 lakhs which will be subscribed entirely by the Government of India, and will be given suitable loans by Government to provide it with working capital. The Corporation will accept contracts from Government, issue sub-contracts to small-scale industrial units, and provide such units with loans and technical assistance necessary for fulfilling orders and manufacturing articles of the required type and standard. The Corporation is empowered to underwrite and guarantee loans to such units from banks and similar institutions. The Corporation will attempt co-ordination in a similar way between large and small-scale units so as to enable small industries to manufacture ancillaries, components and other articles required by large-scale industrial units.

FINANCE

U.S. Investments in Japan: Four U.S. concerns intend to invest a total of $5.5 million in Japan, mainly in the glass and chemical industries. These investments are likely to be made through the FOA's Guarantees Investment Programme to stimulate the flow of dollars to Japanese industry. The concerns will be insured against nationalisation and inability to convert income into dollars.

*

Colonial Investment Over £600 Million in Five Years: Total investment by U.K. and Governments in the Colonial territories during the next five years is reported to be estimated at £600 million. The main bias is to be on basic services—roads, railways, electricity and water supplies. Colonial reserves and assets at present total some £1,400 million.

Ceylon Bank's Survey of Consumer Finances: The Central Bank of Ceylon in a sample survey of consumer finances conducted during May 1953, reveals that one per cent of income earners receive 18.2 per cent of the total income, while ten per cent of income earners at the other end of the scale receive 1.4 per cent. Incomes tend to rise steeply and consistently with academic education, and expenditure on protein foods is proportional to increases in income. Total annual consumption of fish is 64,000 tons, 19,700 tons of meat, 109.6 million eggs, 155.8 million bottles of milk, 109,609 tons of sugar and 682,740 tons of rice.

*

Rupees 4.5 Crores for Modernisation of Bombay Docks: The Bombay Port Trust have sanctioned a Rs. 4.5-crore scheme for the modernisation, within three years, of the Bombay Victoria and Princess Docks to accommodate deeper draft vessels. This 'minimum' scheme will convert the twin docks from tidal to perennial docks, deepen the dock basin, the construction of lockgates will control water depth inside the basin, and modernization of bridges across the dock entrances will be effected. The 'minimum' scheme is a simplified version of the original Rs. 14.5-crore project envisaging the modernisation of these twin docks, shifting of the ferry wharf, new bridges across the dock entrance, more railway sidings and a modern administrative building.

*

Egypt's Budget for 1954-55: The Egyptian budget for the fiscal year 1954-55 beginning July 1, totals approximately $680 million or $90 million more than in the previous year. The Government's more economical spending is leaving more money for economic development projects and welfare services. Apart from the normal budget, the National Development and Production Council's projects have been budgeted at $126 million for an iron and steel works, hydel projects, an oil pipeline from Suez to Cairo, grain silos and road construction. Another supplementary budget for social services including housing, water facilities, hospitals and disease control, will take $42 million. Increased production, and the funds of the deposed royal family are expected to aid greatly in the implemention of the programme. The 1952 trade deficit of $240 million has been converted to a small surplus in 1954. The Egyptian Government have improved conditions of trade and the value of the Egyptian Pound has also improved.

*

Investments in Australia by Foreign Companies: According to the Australian Commonwealth Bureau of Census and Statistics, the total income payable to Canada and to the U.S.A. from companies in Australia is totalled £(A)15.6 million for the financial year 1952-53. Of this sum only £(A)3 million was remitted or credited, the balance being retained in Australia as net undistributed profits. The figures include earnings by private trading banks and mutual life insurance companies, and cover all overseas investment in Commonwealth Government, local authority, and semi-Government securities domiciled in Australia. Total investment income paid to the U.K. was £(A)22.6 million of which £(A)16.3 million was remitted or credited. The figures reveal wide fluctuations in the level of new overseas investment in Australia. At June 30, 1953, more than three-quarters of the U.K. holdings of the paid-up capital and debentures of Australian companies, and nearly all of U.S. holdings were directly invested. There has been a considerable amount of investment in Australian public authority securities. Investment by Australian companies overseas has steadily increased although these holdings are small compared with overseas shareholders in Australian companies. New Zealand has the major share of the capital invested overseas.

NEWS IN BRIEF

INDIAN

The Government of India are reported to be negotiating with British interests for the establishment of cotton and jute textile machinery manufacturing plants in India. Two teams of technicians and economists are examining the rehabilitation needs of certain units of the cotton textile industry.

*

The Union Government has appointed a Committee, which will receive technical assistance under the Colombo Plan from Powell Duffryn of London, to report on the possible exploitation of the estimated 2,000-million-ton lignite deposits in South India.

*

An American expert is currently in India visiting testing laboratories and meeting merchants making a study of ghee in order to assist in the export of surplus U.S. butter to consuming countries. Exports will be made through private trade channels to importers.

*

Eleven Indian librarians from Indian Universities have been selected for a five-month study in the U.S.A. The trip has been made possible by the recently activated Indian Wheat Loan Educational Exchange Programme of the U.S. State Department and the Indian Ministry of Education.

*

From India and Pakistan, Britain bought 35.2 million lb. of wool last year as against 307 million lb. in 1953, an expansion which may have been partly influenced by the increased activity of the U.K. carpet trade which set up new production records during 1954.

*

Pending negotiations for its renewal, the trade arrangement between India and Western Germany has been extended up to March 31, 1955, by an exchange of letters. The trade arrangement signed on February 16, 1954, in Bonn, was due to expire on January 31, 1955.

*

A decision by the Government of India is expected shortly for the manufacture of aircraft engines in India. The decision is expected to make India self-sufficient in aircraft machinery, and also contribute to the establishment of heavy industries in the country.

*

The Northern India Chamber of Commerce was informed by the Union Deputy Minister for Rehabilitation that the Government of India had sanctioned Rs. 3 crores for the establishment of industries in townships of Punjab.

*

The Working Time Agreement of the Indian Jute Mills' Association has been extended for another five years from the beginning of the current year. The mills are at present working 48 hours a week, with 12½ per cent of their looms lying sealed.

*

Mr. Ivor Roth, Managing Director of the International Monetary Fund, arrived in New Delhi last week on a six-day goodwill tour of India. He was received by the officials of the Union Ministry of Finance and Dr. Narain Prasad, Executive Director of IMF in India.

*

The Indian President will preside at the annual onference of Governors and Rajpramukhs to be held i February 25 and 26, 1955, at Rashtrapati Bhavan. ie Sadar-i-Riyasat of Jammu and Kashmir and the utenant-Governors are also expected to attend.

FOREIGN

The Indonesian Government is reported to ha re-introduced an extra 10 per cent levy on rubb exports with effect from March 1, 1955. This levy wa withdrawn last year.

*

The number of permanent houses completed in Britain during 1954—347,605—was a record and was 29,000 more than previous record of 318,779 built during 1953.

*

Sixty-five per cent of Finland's national income is accounted for by foreign trade. One out of every four industrial workers is engaged in an export industry, and one-fourth of the goods in Finnish shops are of foreign origin.

*

Large-scale increases in the production of consumer goods in Hungary are sought to be made during 1955. Production costs are to be lowered by 3 per cent, and the sum total of allotments for the renewal of machinery is to be augmented by 30 per cent to make more and better quality products available.

*

It is announced that Pakistan is seeking a loan of Rs. 3.60 crores from the International Bank for Reconstruction and Development (World Bank) towards expenditure entailed in the complete renovation of the east wharf of Karachi port.

*

It is estimated that a saving of $264 million in foreign currency will be effected by the end of 1958 as the result of a recent decision of the Japanese Cabinet on using domestic textiles and motor-cars in preference to imported goods.

*

Further liberalisation is part of the plan for licensing Swedish imports from the dollar area in 1955. Asbestos and certain minerals, grinding materials and transformer plates are items on which restrictions are withdrawn leaving certain others—mainly liquid fuels and tobacco—subject to import restrictions.

*

The third British Instrument Industries' Exhibition of scientific and electrical equipment, industrial meters, automatic controls, scientific glassware, drawing office equipment and associated manufactures, will be held at London from June 28 to July 9 this year.

*

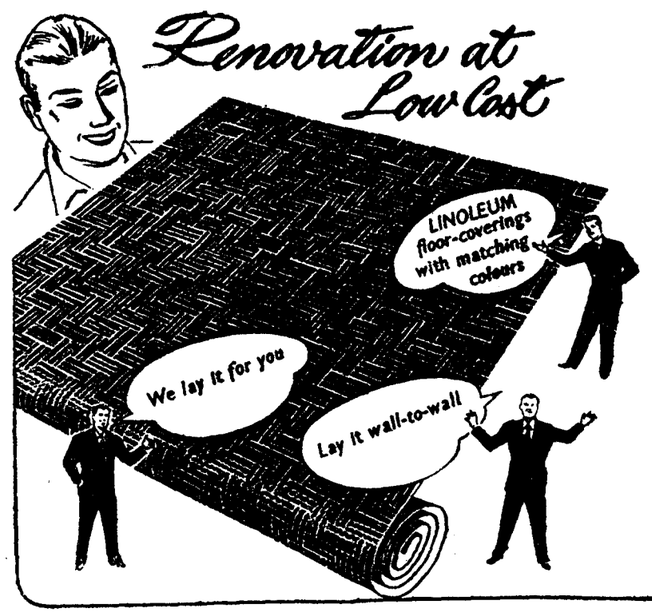
Yugoslavia's industrial production during 1954 was 14.2 per cent higher than in 1953—output in iron and steel metallurgy was 28 per cent higher, in the chemical industry 24 per cent higher, 23 per cent higher in the textile industry and 17 per cent higher in the electrical industry—registering the highest rate of increase in Europe.

*

At the end end of 1954 the number of unemployed persons (including workers engaged on Government relief works) in the Netherlands was 81,482 against 111,632 at the end of 1953 and 166,022 at the end of 1952. The male working population increased by 40,000 during 1954.

*

The Polish Central Office of Statistics has reported that during 1954, overall industrial output rose by 11 per cent over 1953, exceeding the industrial output plan, by value and in constant prices, by 2 per cent. The overall increase in agricultural production was 4.8 per cent over 1953.



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A Window On The World

A STUDY IN DIPLOMATIC LEADERSHIP

BY

ODYSSEUS

WE LEFT OFF last week just as the frenetic drama let loose in Europe by France's rejection of the EDC treaty in August, 1954, was racing to its climax. It had been on US insistence that a re-armed Germany should be brought into the councils of Europe that the EDC idea had been evolved, but now that the French had killed it, and that all Europe was looking around anxiously for leadership, nothing emerged from the State Department, and so a clear field was left for the British, under Eden's resourceful captaincy, to fill the vacuum. He saw the germ of a possible substitute for EDC in the Brussels treaty joined to NATO, Germany being admitted to both. The difficulties were enormous but Eden felt that he could but try.

Eden must have reckoned that he had one imponderable in his favour: the EDC countries had been so shocked by its rejection, and the future was so full of awful possibilities, that they should be willing to jump at almost any alternative—and his long experience in diplomacy—for Eden is today the world's senior practising diplomatist—told him that he must exploit their sense of shock while it lasted. Soon it would be too late to get back into some semblance of their former positions the pieces that had been upset when the French Assembly jolted the chess board.

On September 11, Eden left by air for Brussels, Bonn, and Rome, intending to wind up his hasty tour by a talk with M. Mendes-France in Paris on September 15.

Europe's leaders welcomed Eden with the enthusiasm reserved for a doctor who suddenly appears out of the blue to cope with an outbreak of cholera. American public opinion was impressed, and in the State Department, increasingly nervous over reports that Dr. Adenauer's anti-West opponents were rallying, the "Times" reported "unconcealed gratitude" for Eden's initiative. By September 14, Mr. Dulles himself felt that it was about time that the USA had a hand in all this tamasha. Eden welcomed Mr. Dulles' proposal to visit Europe, but he was staggered when he learnt that Mr. Dulles intended to confer only with him and with Dr. Adenauer. Mr. Dulles was evidently still obsessed with "shot-gun" methods whereby "lessons" were taught to recalcitrants. The "Manchester Guardian's" comment was typical: "....French approval is far from assured and it would certainly not be forthcoming if Mr. Eden's proposals appeared to be an ultimatum. The French, both government and Assembly, are bitter enough already about their isolation...." Mr. Eden's task "has been made a great deal more difficult by the sudden visit to Europe of Mr. Dulles who is going to Bonn but not to Paris. Whatever his intention, the omission of Paris looks like a studied inuslt to France. If he has time for Bonn, why not Paris? The French may conclude that Mr. Dulles has come to ask his good friend Dr. Adenauer whether the Eden proposals are entirely satisfactory to Germany, but that he cares nothing for French opinion. Coming after his boycott of the Geneva conference, it cannot help." And the "Times" Washington correspondent reported: "Much is being made, not without pleasure in some quarters, about the 'snub' to France which is seen as being quite deliberate for all the polite excuses of Mr. Dulles about the pressure on his time-table. His pointed reference on leaving last night to French 'failure' to ratify the European treaty was in line with the tendency to view such disappointments in terms of personalities, and most commentators take their cue from it. It is roundly said that the omission of Paris is an effort to inform France that the USA was determined to re-arm the Germans with or without the consent of the French government...." and there was an even more reckless suggestion that "NATC headquarters might be conveniently transferred from Paris to Luxembourg."

MINISTERS AMAZED

However, after this bad moment, the result of Eden's tour was the summoning on September 28 of a conference in London of the Foreign Ministers of France, Germany, Italy, Belgium, Luxembourg, the USA, Canada, and Britain. The conference naturally elected as its chairman the man who had made its meeting possible—Eden. And Eden, pursuing his own variety of shock tactics, made the dramatic announcement that Britain would continue to maintain on the mainland of Europe the UK forces currently assigned to the Supreme Allied Commander in Europe, four divisions and a tactical air force, and would not withdraw them against the wishes of the majority of the Brussels treaty powers, except in the case of an acute oversea emergency.

"What I have announced," Eden declared, "is, for us, a formidable step. You all know that our's is an island story....whatever the facts of modern weapons and strategy may compel."

The other Foreign Ministers sat round the conference table dumb with amazement for a moment. M. Spaak of Belgium was the first to grasp the significance of Britain's new effort to re-assure France. The silence of the conference was broken by his stentorian whisper to M. Mendes-France: "You've won!"

The real reasons for Britain's reluctance to take this step, the "Observer" pointed out, were not military. Those responsible for Britain's defence had long known that as long as Britain's allies felt themselves seriously threatened, it was unrealistic to envisage the withdrawal of British forces from the continent. Nor was it true that the other members of the Commonwealth objected to closer ties with Europe. The real objection arose from Britain's relation with the USA. Britain feared that the worldwide Anglo-American partnership would be endangered if Britain were to tie herself more closely to Europe than the Americans were ready to tie themselves. But the years since the outbreak of the Korean war had shown that British influence in America did not depend on British aloofness from Europe, but rose when she could speak not only (as at Geneva) as the friend of India but also (as at the London conference) as the initiator of Europe's policies.

So greatly had the years since Korea disillusioned Americans over France's ability to lead Europe that, in the reaction following rejection of EDC, they went to the opposite extreme and decided that European defence could be organised without France. But French lines of communication and bases were essential. On the other hand, Britain's leadership after the

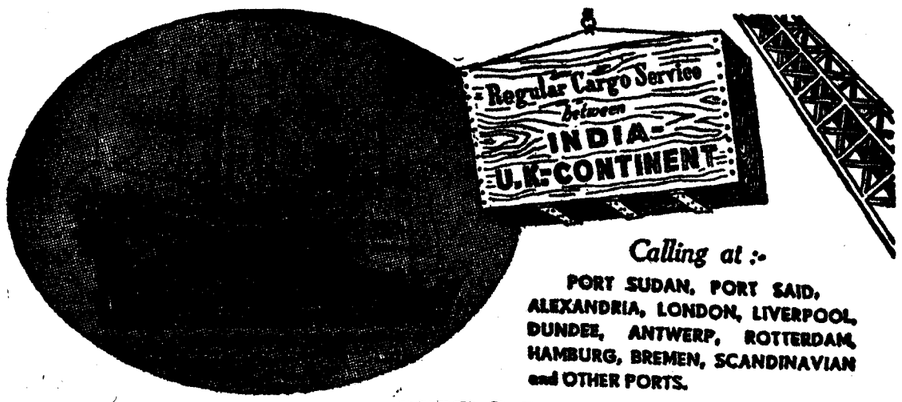
EDC rejection and her refusal to shirk European responsibilities suggested to Americans that the importance that they had hitherto attached to Franco-German partnership (which had proved unable to overcome traditional distrust without British help) had led them to overlook Britain's importance as a mediator. American fixation on written federations and constitutional schemes began to yield to a better understanding of the British way of building gradually. "The hold exercised on American opinion by the die-hard exponents of a purely negative and military minded ideology seems to be loosening," said the "Observer". "The facts of the new flexibility of Soviet diplomacy are coming to be recognised. The new problems that it poses for Western statemanship are beginning to be studied. A Britain that has made herself the leader and spokesman of Western European development will have a better chance to influence the process of 're-appraisal' than would a Britain that insisted on avoiding commitments in Europe."

WHAT IS "WESTERN EUROPEAN UNION"?

The London nine-power conference announced (i) that Britain, France, and the USA would end the occupation of Western Germany; (2) that the Brussels treaty powers (Britain, France, Belgium, Holland, Luxembourg) would admit Germany and Italy to a greatly developed Brussels system; (3) that the eight NATO powers agreed that Germany should join them; (4) that Germany would voluntarily limit her arms production; (5) whereas under the old NATO/EDC pacts Britain was associated with the six Western European powers but not institutionally bound to them, now she became a full member of a supra-national military system alongside the six. Britain's status now differed for the first time from that of Canada and the USA; (6) whereas under EDC Germany was a "self-integrating member of a continental federation" she now became an ordinary sovereign state in an alliance; (7) France agreed that Germany should join NATO. This was a triumph for Eden's diplomacy, because even the most advanced French "Europeans" had hitherto hesitated to propose immediate German NATO membership.

In the complex of agreements called European Western Union, Britain shared until 1998 in a continental military organisation which set up supra-national controls over the manufacturing and stocking of arms, in which a national German army has a place, and in which forces placed under the Supreme Commander "shall be deployed in accordance with NATO strategy."

Summing up, the "Observer" said: "The British government's declaration of its willingness permanently to commit the bulk of our home defences to the defence of Europe will rank as one of the great decisions by which British policy lined itself with the facts of the twentieth century. If the conference succeeds, the calling and steering of it will prove the greatest among Mr. Eden's many achievements of this year—the outstanding year of his career."



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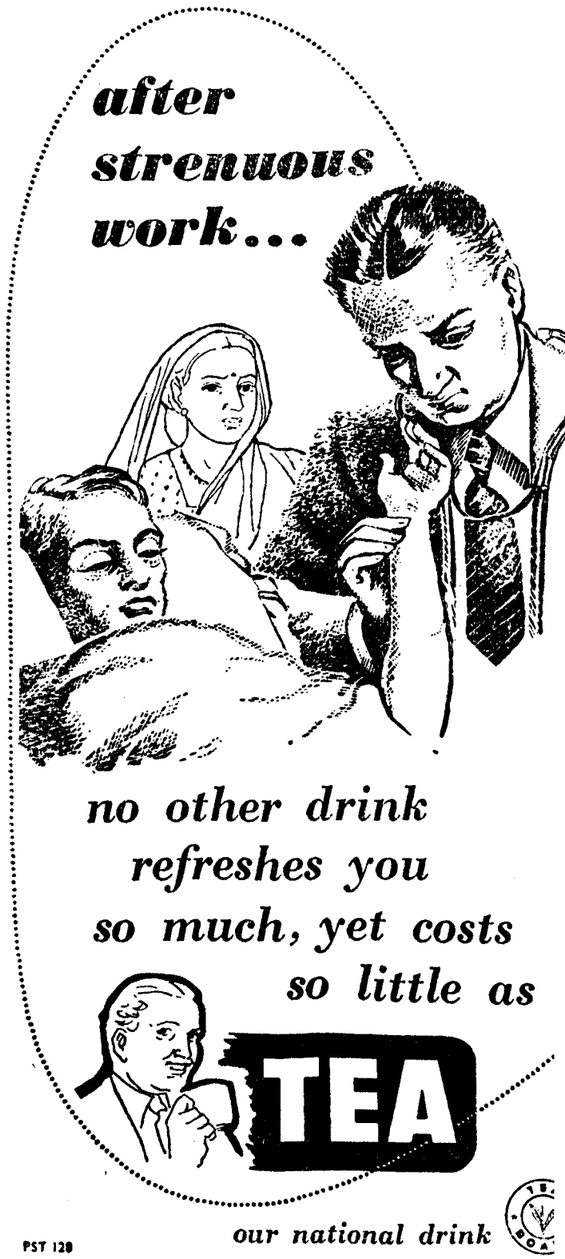
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SPECIAL ARTICLES:

POWER AND THE ELECTRICITY (SUPPLY) ACT

THE hopes of the Electric Supply Industry that proposals for liberalising the provisions of the Electricity (Supply) Act will mature early have not materialised. In September 1954, draft proposals for amending the Electricity (Supply) Act were circulated for comments to the interests concerned. While the private sector of the Industry was prompt in commenting upon the Bill within the time set by the Central Ministry of Irrigation and Power, most of the State Governments have remained lethargic. An inter-State Conference to discuss the draft Bill was actually convened in Simla for 21st/22nd October, 1954, but as on previous occasions this was cancelled at the last moment. It was then the intention of Government to convene the Conference in November, 1954, but as events have developed it is unlikely that the Conference will be held before April, 1955. Even if this should happen—and no further postponement takes place—the draft Bill would not be ready for consideration by Parliament before August, 1955.

It must be pointed out that the first approach by the Industry to Government for enhancing the Standard Rate was made as early as December, 1951, and although promises have been made for prompt action matters are still at 'consideration' stage even after three years.

One of the important amendments under consideration is the proposal to link the Standard Rate —which at present is 5 per cent—to the Bank Rate permitting a differential of 2 per cent. With the Reserve Bank Rate ruling at present at 3½ per cent Government proposal will have the effect of giving to the Industry 5½ per cent. This certainly cannot be considered sufficient to meet the needs of the situation. Unlike some other industries the Electricity Supply Industry gets no provision for reserve for rehabilitation and the statutory depreciation permitted by the Electricity (Supply) Act will hardly be sufficient to replace the plant at the end of the useful period. With the Central Industrial Finance Corporation charging an interest of 6½ per cent, with ½ per cent rebate for prompt payment, it certainly is odd that the equity investor in a primary industry like Electric Supply will have to contend with a lower rate.

The private sector of the Industry has had its share of expansion during the first Five-Year Plan and plans are well in hand for augmentation of capacity during the second Five-Year Plan. A summary indicating Statewise the achievements of the Industry during the first Five-Year Plan and projected expansion during the second Five-Year Plan is given below.

In this context a modest increase of 1 per cent in the return sought by the Industry is eminently reasonable. With most of the State Government Electricity Departments being hostile even to this limited increase it will be up to the Central Finance Ministry to use their admittedly authoritative position to convince the State Governments of the reasonableness of the Industry's case.

One liberal feature of the draft Bill is the provision made for enabling expanding undertakings to create reserves for deferred tax arising out of diverse provisions regarding depreciation in the Electricity (Supply) Act and the Income Tax Act. (This problem has been discussed in the second issue of the Report). The need for this amendment has been accepted in principle by all concerned including the State Governments but progress has been held up because of the issue being mixed up with the general amendments to the Electricity (Supply) Act. If, therefore, delay is likely to occur in the amending Bill being considered, there is urgent need for a brief Bill covering the two important issues of enhancement of the Standard Rate and provision for deferred tax liability being considered for introduction at the forthcoming session of Parliament.

In the public sector of the Industry the Planning Commission have sanctioned loans totalling Rs. 18.24 crores for rural electrification in the country and 13 States will utilise the loans. There is still no indication whether the assistance proposed is limited to areas where supply is made through State agencies or whether it will also be available in the areas served by Licensees. If the accent is on rural electrification as a whole, as is said to be the case, then there would appear to be no reason why Licensees should not be qualified for subsidy. Prior to this the Hayath Committee on Rural Electrification had suggested the grant of a subsidy in the form of interest-free loans to States to cover the entire cost of rural electrification at least for ten years, but the recommendation of the Committee was rejected by the Planning Commission as being too ambitious. This indicates that henceforth electricity will only occupy fourth place in the Planning Commission's order of priority, the first three being food, clothing and shelter. If the Planning Commission look upon electricity as a necessity—as indeed they must—then the decision of the Commission is incomprehensible and it can only be hoped that the decision will be reviewed as early as possible.

Expansion During First Five-Year Plan (1951-56)

	Generating capacity added	Cost in respect of Generating Plant	Mains and Services	Generating capacity to be added	Projected Expansion During Second Five-Year Plan (1956-61) Estimated cost in respect of Generating Plant	Mains and Services
	KW	Rs.	Rs.	KW	Rs.	Rs.
Bombay	94,171	956,67,009	451,28,026	1,46,200*	1,727,45,000	487,81,000
Saurashtra	Nil	Nil	4,100	Nil		60,000
Madhya Pradesh	4,000	8,32,203	76,93,610		41,00,000	80,000
Bengal and Assam ..	60,000	97,000	45,20,000	50,000	500,00,000	485,00,000
Bihar and Orissa ..	2,693	23,47,354	47,28,902		9,25,000	43,55,000
Punjab	..	90,000	1,80,000		50,000	3,00,000
Uttar Pradesh	8,575	38,04,696	90,12,925	13,250	79,00,000	8,15,960
Madras	500	4,98,298	134,56,260			117,80,830

* Includes the 10,000 KW plant at Trombay Station, the bulk of which is being financed by the World Bank.



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INDO-U.S. EDUCATIONAL EXCHANGE

THE new programme of educational exchange between the United States and India has got off to a confident start. Information now made available about the progress recorded in the first half of the initial year offers convincing proof that the entire programme which would seem to be spread evenly over a period of five years, will be executed according to plan. The genesis of this programme is to be traced to the India Emergency Food Aid Act of 1951 (the United States Public Law 48 of the 82nd Congress, 1st Session) which was enacted to authorise the grant of a wheat loan of the value of $190 million (Rs. 90.25 crores) to this country. The whole scheme of the wheat loan was inspired by a generous spirit of assistance to a country on the verge of a food crisis and the same spirit of aid and co-operation impelled the Congress to make legislative provision for the utilisation of the receipts of interest charges on the loan amount for the benefit of India in another fruitful direction. Section 7 of Public Law 48 provides that the first amount of $5 million paid by India towards interest on the loan amount should be set apart in a special fund for financing a programme of educational exchange between the two countries.

This programme is to take the form of extension of additional facilities for higher educational and research institutions predominantly in India and, on the principle of reciprocity, in the United States also on a lesser scale. The crux of the scheme is to arrange the supply of books on a wide range of subjects of higher study, laboratory and technical equipment and exchange of persons on educational mission between the two countries. This programme extends facilities in addition to those that are already being provided by existing American official and non-official agencies and precaution has been taken to avoid the possibility of duplication or overlap. The two-way flow of facilities demonstrates the desire on the part of the two countries to learn from each other, but in view of the fact that India is intended to be the principal beneficiary of the scheme, the bulk of the outlay has been appropriated for the supply of books and scientific equipment to this country as also for financing the schemes of training of Indian professors, students, research scholars and other academic persons in the United States.

The object of the programme is to ensure that the facilities which are to be created by it should square with the requirements of higher education in India as conceived by the authorities responsible for the institutions in this country. It is the most significant aspect of the programme that the selection of the institutions, academic persons, books and scientific equipment depends essentially on the final approval of the Ministry of Education, Government of India. Far from assuming a determining role in the choice of the type of facilities to be provided, officials of the U.S. Department of State responsible for the implementation of the programme follow a deliberate policy of acting on the advice of the Indian Central Ministry of Education. No other mode of approving specific schemes under the programme can provide for a more free and voluntary pattern of co-operation.

The programme was launched in the current fiscal year 1954-55. In terms of the Public Law 48, the administrative expenses incurred for the execution of the programme are to be defrayed out of the fund itself with a ceiling of 10 per cent being fixed on such expenses. The allocation of funds for the fiscal year 1954-55 on approved schemes has been made as follows:

Type of facilities	Cost of facilities	Beneficiary Universities	Other Beneficiary Institutions
Books from the U.S. for India	$231,275	11	20
Books from India to the U.S.	$ 15,000	—	1
Scientific equipment from the U.S.	$411,275	25	—
Exchange of persons (India to U.S.)	$221,715	6 (More to follow)	5
Administration of Programme	$ 89,037		
TOTAL	$968,302		

Works of Indian authors on literature and science are being acquired under the programme to convey more intimate knowledge of India to the American public and for this purpose an amount of $15 million has been allotted. An exchange of medical research materials between institutions in India and the U.S. is under active consideration and as part of this project there will follow an exchange of persons for training and observation. This marks a small beginning for the supply of Indian materials, but in the remaining four years a greater volume of India's contribution is expected to flow to the U.S.

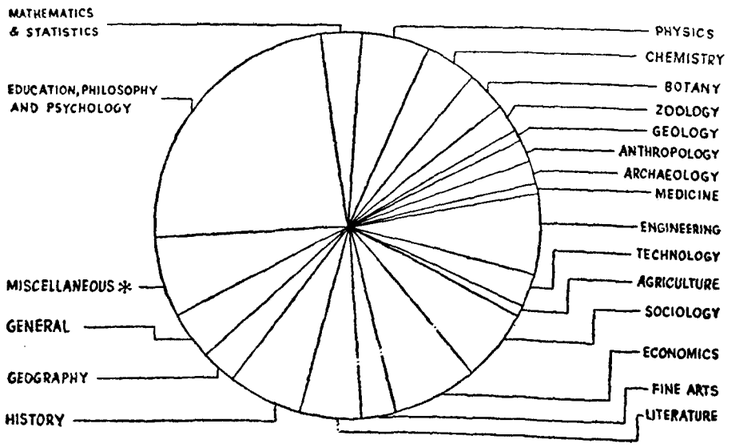
For the first year, the Education Ministry has accorded approval to the requests of 48 institutions of higher education and research for assistance under the programme. Of these as many as 28 are universities and the rest academic institutions for specialised courses of higher studies. The overwhelming trend of choice of assistance is for books for which 31 institutions have tendered their selection, while 25 institutions have availed themselves of the offer of supply of scientific equipment and 11 institutions have sent their nominees to the U.S. This initial batch consists of 12 qualified Indian librarians who went to the United States recently for a five-month study and observation course under the auspices of the American Library Association. India requires the benefit of the experience of the U.S. in the expansion of a nation-wide project of public libraries and this year's scheme of exchange of technical persons will undoubtedly be extended to other subjects of training. The short-term visits are intended to secure the twofold advantage of new training as well as refresher courses. It is a plank in the programme, wherever feasible, to link them with the agreed schemes of supply of books and scientific equipment. The flow of American scholars and trainees to India on study tours is to be arranged at a later stage.

The proposal of supply of American books has evoked encouraging response from 31 higher educational or research institutions. This scheme has been conceived in the current fiscal year on a substantial scale for which an allotment of $231,275 has been made. This is estimated to be adequate for purchasing 32,000 books and actually this part of the programme has been completed to a considerable extent. A list of 28,000 approved titles has been transmitted to the Programme Office in Washington and delivery of the books to the recipient institutions is now a matter of a few weeks. It is an indication of the changing emphasis on scientific and technical education in this country that not less than 14 leading institutions have signified their choice for technical books in their individual specialised fields of study. An analysis of the titles on

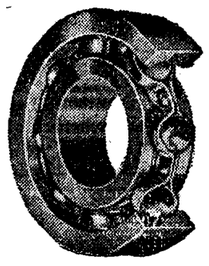
the basis of subjects covered reveals interesting trends about the new demand for books emanating from the institutions of higher studies. The chart below shows the subject-wise classification of books. The three social sciences which have been grouped together in this chart account for the highest ratio of 19 per cent of the total books, but it would be safe to presume that the share of books on education and psychology is almost equal and surely much larger than that of books on philosophy, and it may be placed at 7 per cent in each of the two cases. It is signficant that engineering, physics, chemistry, botany, zoology and technology too have almost the same share ranging near about 7 per cent. Books on economics, literature, geography and sociology also claim the same proportion. The beneficiary institutions are adding to their collection the latest books on a variety of subjects of practical importance in their curricula.

The highest allocation of $411,275 for scientific equipment in this year's programme accords with the view of leading educationists as well as the Ministry of Education that the study of pure and applied sciences must be promoted as a matter of urgency in the interest of the general progress and welfare of the country. This study is one of the absolute pre-requisites of the development of the resources of the country and universities carry the main obligation to provide facilities for this study in the sciences. It is a distinctive feature of this year's programme (and it is bound to be incorporated throughout the five-year period) that all the 25 beneficiaries are universities situated in various parts of the country. The proportion of advanced equipment and general type of equipment to be supplied this year is approximately 55 per cent and 45 per cent. Both together, and particularly the first, will assist the expansion and modernisation of the laboratories to which the equipment will be finally allocated.

CHART SHOWING PROPORTION BY PRINCIPAL FIELDS OF STUDY OF BOOKS REQUESTED BY INDIAN UNIVERSITIES AND INSTITUTIONS UNDER THE BOOK ASPECT OF THE INDIA WHEAT LOAN EDUCATIONAL EXCHANGE PROGRAM FOR FISCAL YEAR 1954-55.



* miscellaneous included religion, philology and mining and metallurgy.



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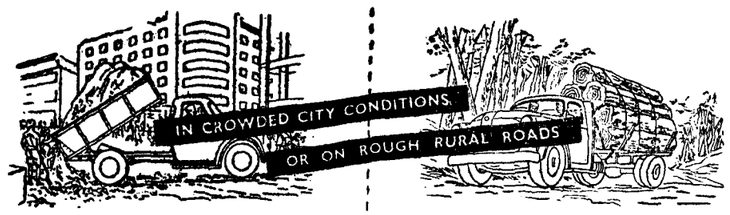
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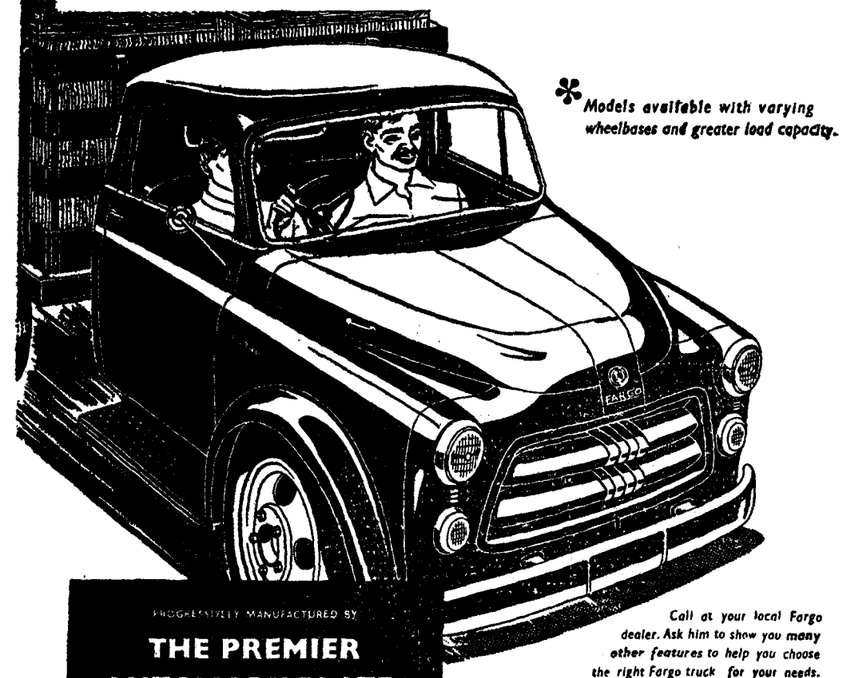
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THE BUSINESS WORLD

"FEARS" ON STEEL DEALS

Although steel agreements with the German concern of Krupp-Demag and with the Soviet Government are now a 'fait accompli', much unnecessary and ill-informed comments continue to be made both at home and abroad. Critics here try to make out that the cost of the German plant would be comparatively much more than that of the Russian plant, while the American press would have the world outside the Iron Curtain believe that our Prime Minister insists on showing "his neutrality even if India has to get poor materials and inferior workmanship and inadequate maintenance, as a price of it". In both these instances, it is clear that the critics have not studied the two steel deals carefully and objectively in their varied aspects, and the Union Production Minister has done well in coming out with a timely statement clarifying the issues involved. Mr. Reddy said that, first of all, the exact capital cost of the German and Russian plants had still to be determined and, secondly, in the case of the German plant, the Government would call for global tenders and would thus be able to obtain competitive prices. With regard to the Soviet plant, the price had still to be negotiated and it would be fixed on the basis of a detailed project report submitted to the Government.

From the details of the two steel agreements, it is obvious that any direct comparison of the costs of the different plants, with their divergent character, will be invidious. The German plant, as Mr. Reddy pointed out, is designed to produce a variety of flat materials and the Soviet plant will produce only rails, heavy structurals and merchant bars and billets. The cost of the former must, in its very nature, be considerably greater. There is, again, the difference in respect of capacity—the German plant being intended to produce half-a-million tons in the first instance, and the Russian plant one million tons. Obviously, comparison of the respective costs on a 'pro rata' basis will not be correct.

But there is some ground for the apprehension that the Russian project will take more time for completion than the German plant. While the agreement with Krupp-Demag stipulates a period of four years, inclusive of submission of the final report, the Soviet deal implies a period of four to five years, although the works are expected to be commissioned by December 31, 1959. Also, the Russians have not undertaken responsibility for the construction of the township, water supply and supply of "fodder" like coal, within the period mentioned above.

The Indo-Soviet deal, however, has certain distinct advantages, which overseas critics seem to overlook. The important feature is the provision for credit and the interest that will accrue thereon. Credit can be raised upon each consignment in accordance with the prices agreed upon in each case upon delivery, c.i.f. Indian ports. The credit is to be repaid in 12 equal instalments, following the year in which each credit is raised, and interest will accrue at 2½ per cent per annum—as against 5 per cent or more at which private firms can borrow. Seeing that equipment and services would amount to several crores, the saving in interest charges is bound to be considerable. As we have pointed out before, such a significant concession amply compensates for the higher consultancy services to be charged by the German concern.

It remains to be seen, however, how far the the American fears, based on the Kasturbhai delegation's observations, in respect of the quality of the Soviet materials, will prove real. Mr. Kasturbhai Lalbhai has doubted the ability of Russia's heavy industry to supply up-to-date and efficient materials. As against this, the Indo-Soviet agreement provides that "the design of the works and the component parts as well as the manufacture of the equipment shall be carried out by the Soviet organisations on the best up-to-date technical level". The Soviet organisations have also undertaken to receive Indian delegations to the U.S.S.R. before or after the submission of the detailed project report. Now that the agreement has been signed, one can only hope that, unlike Russian offers of wheat to India and capital goods to backward countries, which have rarely matured, the terms of the pact will be implemented to our satisfaction.

REACTIONS TO THE NEW ECONOMIC POLICY

BY

CROESUS

I know of a doctor who is so considerate to his patients that he allows them to unburden themselves freely of their respective ailments. For his part, however, he seems to have his own specific remedies which makes one almost suspect that he prescribes even before the patient has started narrating his story. But he does not fail to observe even the minutest detail that the most noted medical practitioner goes through when he is specially summoned to diagnose a disease and is very meticulous about his prescriptions. Both the patient and the doctor invariably part company genuinely convinced that each has done his best, but the result is, more often than not, no great improvement, if not the 'status quo'. This analogy forces itself upon me whenever I listen to the addresses of business spokesmen and replies to these addresses by one or other Minister, Union or State. For I find that, in this case also, while business men do not mince words in unburdening themselves of all their woes before Ministers, the latter talk in a strain which suggests that they understand and appreciate all the difficulties of the business community; the Ministers add that what the authorities have in mind is also nothing very different, save for some degree of emphasis which may be less in some place or more in others. And if what the business men want and what the Government also intends to do is more or less the same thus, there should be no occasion for mutual recrimination, either overtly or covertly. But, in fact, this is not so, thanks to conflicting statements, especially on ideological aspects by men in positions of authority. I have no hesitation, therefore, in endorsing the plea of Shri Chimanlal B. Parikh, the retiring President of the Indian Merchants' Chamber, which he made, in the course of his address, on Monday, at the 47th annual general meeting of the Chamber, to the Government for sustained efforts "to remove the atmosphere of suspense and uncertainty that hangs over

private enterprise as a result of utterances on ideological aspects by persons in positions of authority." As he added pertinently, "this is particularly inappropriate on the eve of our launching a programme of industrial development wherein both the public and the private sectors have jointly to endeavour in a spirit of co-operation".

Only on the day previous to this plea of the I.M.C. President, Mr. Khandubhai Desai, the Union Labour Minister, was telling the Central Study Group of the Gujerat Yuwak Congress in Ahmedabad that, as the capitalist system had failed to deliver the goods, India had embarked on the establishment of a socialistic pattern of society. "Our experience during the last seven years of independence", he went on to say, "has proved beyond doubt that the capitalist system is actually an obstacle in the progress of an underdeveloped country like India. Our heavy industries have failed to show satisfactory expansion, while the capital has continued to choose fields for higher and quicker profits. The capitalist system in our country is shallow and does not have deep roots in the country. The benefits accruing to the country from this system are highly exaggerated". After saying this, Mr. Desai was condescending enough to accord to private sector the same place as that occupied by autonomous co-operative societies with the Government supervising and regulating their course.

It is such statements that disturb the equanimity of even the most sober among the business community. If the very next day after this statement, another Union Minister makes quite a contradictory statement and assures private enterprise that it has still a vital role to play in the future economic development of the country and that there has been no radical departure in the economic policy of the Government, it is naturally difficult for them to decide as to whose words have to be accepted. For obvious reasons, the more extremist statement holds the field and tends to undo the good effects of the relatively more reassuring utterances. Thus, even in spite of the assurances that Mr. Shah gave to the Indian Merchants' Chamber about the private sector having a place alongside of the public sector, stock markets seem to place more reliance on the unprovoked attack against capitalism by Mr. Khandubhai Desai.

Those who believe in private enterprise will, nevertheless, welcome the elucidation of the Union Minister for Revenue and Civil Expenditure of what is meant by the socialistic pattern of economy, in reply to the feeling of bewilderment expressed by Mr. Parikh which, he said, was "caused by the contradiction obvious in regard to the decision about a socialistic pattern of society and the decision, at the same time, to plan and secure the economic progress of the country through a policy of mixed economy". The essence of the socialistic pattern of society, according to Mr. Shah, may be indicated here: In the context of the need for a rapid development, he said, "both the public and the private sectors have a role to play; together they should function as what I would call an integrated national sector. I do not think that there is any legitimate ground for the apprehension regarding the place and position of the private sector in the new goal of economic policy recently announced, or for the fear that, in a socialistic pattern of society, the role of the private sector for the development of national economy is extremely circumscribed. There has been no new or radical departure in the recent elucidation of economic development; the basic principles of the policy flow in a sense from the directive principles of our Constitution and have been set out in the industrial policy resolution of April 6, 1948." In short, according to him, the essence of the socialistic pattern of economy is this: "The ultimate goal and objective is the evolution of a Welfare State and a society where equality of opportunity shall be secured to all people, standard of living shall be raised, chronic unemployment and disparities and inequalities in the distribution of national wealth shall be eradicated'.'

Also let me quote another extract from Mr. Shah's address, bearing on the pattern of the mixed economy postulated, as he stressed, in the industrial policy of the Government. He said: "There is no conflict of interests between industry in the public and in private sectors. The two are expected to play complementary roles and both should contribute to the rapid development of the country's industries. Only certain basic industries vital to the economic life of the country, and, to a certain extent, to its security, have been reserved to the State. This does not in any way mean that the private sector cannot be asked to co-operate or participate in such industries, so long as it is clear that the controlling interest is held by the State. The field left open to the private sector for development is, indeed, a vast one, and, in that field, Government's policy is to encourage and assist such enterprise to develop on its own and not to fetter its freedom to function by leaving it "cribbed, cabined and confined".

What appeared as rather striking to me in Mr. Shah's address was this particular statement: "To get at these new positions of equilibrium, the public as well as the private sectors will have to exert their utmost and the only rivalry between them should be in the matter of performance. It is obviously wrong to regard development of public sector as so much diminishing in the position of private sector. There is enough scope for expansion for both the sectors for as many years ahead as one may like to think." This reminds me of a more or less similar elucidation of the Government's mixed economy policy which Mr. G. D. Birla gave to an American audience during his last visit to the U.S. He then said that the Government had laid down a policy that certain projects could be undertaken only by the State, certain others which could be undertaken by the State as well as private enterprise and others still which were left to the private enterprise alone. Thus, he declared: "A very large field is left free to private enterprise, the boundaries of which are dictated only by considerations of the capital it can command. These alignments are, after all, not so rigid."

So much for points of seeming agreement between views of business men and some Government spokesmen. But there are some aspects which even so reasonable a Minister as Mr. Shah did not seem to accept. Either Government spokesmen fail to appreciate the significance of what the private sector has to say, or they are unwilling to accept the view of private enterprise. Take, for instance, the very sensible point made out by the I.M.C. President that, "in a backward and underdeveloped economy, while the problem of equitable distribution naturally assumes importance, it should not be forgotten that the same can only be achieved if the vital economics of production takes precedence over the mechanics of distribution. In the present context of our economic development, unless a country mobilises its resources for producing more wealth, we can only hope to distribute poverty amongst our people. The need of the hour is, therefore, to concentrate all our resources on creating plenty first, so as to be able to realise the objective of a wider distribution of goods and services so created."

The Union Minister for Revenue and Civil Expenditure would not accept this thesis. He would not accept that production and distribution are separate things and that we must first increase production.

What is worse, he was less than fair to Mr. Parikh, when he said that he did not accept the thesis—which the I.M.C. President did not make out—that "we must first increase production without regard to problems of distribution". Mr. Parikh only wanted precedence to be given to production and said that distribution could be looked into at a later stage. While it is quite true to say that the objectives of larger production and more equitable distribution are inter-linked, there is nothing inherently opposed to this in the view that production must precede distribution. It is obvious that, unless something is produced, nothing can be distributed; if what already exists is distributed, because of its total inadequacy, the per capita share is bound to be negligible; the more prudent course, therefore, would be to increase the total quantum of production and then ensure its equitable distribution.

Mr. Parikh availed himself of the occasion to bring to the notice of the Union Minister several factors which have been exercising a retarding influence on the progress of the private sector of the industry, such as heavy and burdensome taxes, high and inflexible labour costs, restriction of managerial discretion, excessive restraint and regulation of business, etc. He said that the private sector could play a significant and important role in the second Five-Year Plan, especially in easing the employment situation "provided there is sufficient recognition of the capacity of the private sector to increase the employment potential and high priority is accorded to the ways and means of increasing employment in this sector".

As is to be expected on such occasions, Mr. Parikh also referred to a few important questions that have been causing concern to the business community. Of these, he gave top priority, which is as it should be, to the proposed amendment to the Constitution. In having maintained that "the recent proposals involving changes in the Constitution relating to the right to private property have also to be viewed from the point of view of the importance of preserving public faith in a stable future, apart from the need to avoid impulsive amendments to the Constitution for getting over immediate difficulties", he was voicing the feelings of not only business men but a very much wider circle of the country's population. The main point of the I.M.C. Chief's criticism was that the Government had gone too far in proposing to make the compensation issue not justiciable. In this connection, he said: "The right of judicial intervention to secure redress is recognised as one of the fundamental rights of a citizen under a democratic set-up, and, when such a citizen has a grievance against the State that he has been unfairly treated in the matter of any action taken by the State in depriving him of his property rights, to deny him the opportunity to test his case for redress legally is to seriously encroach upon his right as an individual". But Mr. Parikh's appeal that the issue of compensation should continue to be justiciable was not even touched upon by Mr. Shah, although one expected that a Minister who has been repeating wherever he goes that the policy of the Government is "not to charge a pie less than that correctly payable under law" would be the first to heed this.

Nor was Mr. Shah disposed to relent in the least in the matter of the proposed amendment to the Sea Customs Act. The Union Minister could not have failed to note that opposition to this is not limited to the I.M.C. The very first resolution passed by the first All-India Bullion Traders' convention, which met in Bombay during the Minister's stay here, for instance, expressed grave apprehension at the likely effects of this amendment, seeking to incorporate a new Section 178A, which provides that "the burden of proof that the goods seized under the Sea Customs Act on the ground that they are not smuggled goods shall be on the persons from whose possession the goods are seized". Under the existing law, this responsibility rests rightly on the administration. As Mr. Parikh observed, the change is opposed to fundamental principles of criminal jurisprudence which require the prosecution to prove the case. The fear of the business community that, in practical application, the change will lead to considerable hardship and harassment is neither exaggerated nor unfounded. Yet, the Minister repeated the official jargon that "the proposal has been incorporated in the Bill that is now before Parliament only after the fullest consideration and with due regard to the difficulties of countering the problem of widespread smuggling". All that he seemed willing to concede, if it can be termed so at all, was to hold out the assurance that "sufficient safeguards on behalf of the bona fide importer have been provided by prescribing that complaints may be lodged in courts only by senior officers".

This is one more instance of the Government's attempts to simplify everything. Their attempts at simplifying the medium of education question have only resulted in importing chaotic conditions into an otherwise calm sphere. Gone are the happy relations that subsisted in the past between the professor and the pupil; they have almost degenerated into those of a worker and an employer in a factory, judging from the resort to strikes even on the score that examination papers are stiff. If it is the intention of the authorities to do the same thing in the judicial world also and remove respect for law and order, which is even now perceptibly on the decline, they cannot do worse than relieving the prosecution of the responsibility to prove a charge to the hilt.

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BUSINESS NOTES

CONFERENCE OF RAILWAY USERS

The two-day session of the National Railway Users' Consultative Council was valuable in securing a general review of traffic problems from the angle of transport users on the eve of the budget. It was a gratifying picture of operational problems that the Railway Minister presented to the Council. In relative terms—if comparisons of traffic performance in 1954 are made with 1953—an outcome of positive improvement in 1954 emerges. In relation to the actual traffic offering, however, it would be presumptuous to advance a similar claim. It is difficult to believe that Mr. Shastri was aware of this limitation on the capacity of railways, or else he would hardly have ventured the optimism that the progressive improvement that was visibly in evidence would be carried to a pitch sufficient to cope with the increasing pressure of traffic from higher development targets. It is common knowledge that acute shortages of locomotives and freight wagons at the end of the present Plan period (disregarding for the sake of hypothetical reasoning the existence of an abnormal element of overaged stock) will leave a large margin of unsatisfied demand.

Co-ordination is commonly understood to imply rational adjustment between parallel forms of service to avoid wasteful competition. But what the Minister probably had in mind was the opposite of competition —supply of complementary services to eliminate transport shortages. If, in fact, it implies this objective and if the restrictions imposed on motor transport in the interest of conservation of traffic for the railways are removed, such a step would undoubtedly lead to greater satisfaction of the transport user. The review of operational improvements does not add to the information furnished by the Railway Board in a Press Conference a few weeks back. Overcrowding on passenger trains may have diminished on a small scale, but this improvement has not served to reduce the dimensions of the problem. The introduction of additional trains and coaches in the last three years has gone to mitigate the acute hardship of travel conditions since the war, but the problem of overcrowding has not for that reason been brought under completely manageable proportions. The actual accounts of railway working for 1953-54 clearly establish that the decline in passenger traffic has not only been arrested but conditions have changed fast in a reverse direction. This trend keeps on continuing.

RUBBER PRICE RAISED

Considering the fact that India's production of raw rubber has not been keeping pace with the increasing consumption, it is essential that every encouragement and incentive is provided to the grower to raise his output, and the Government of India has been none too early in announcing the increase of raw rubber price to Rs. 150 per ton in place of Rs. 138, which has been the officially fixed price since October 1952. The new price is, as before, for Group I rubber for 100 lb. f.o.b. Cochin, with suitable adjustments for other grades. The increase of Rs. 12 per ton may be expected to help meet the higher cost of production and to enable the producer to set apart some funds for replanting of rubber and for new plantings.

The need for encouraging new plantation of high yielding rubber over and above replanting has been frequently voiced by the planting industry. It was only a few days ago that the spokesman of the rubber manufacturers in India, Mr. Cecil Stack, urged the authorities to take prompt measures to fill the widening gap between internal supply and demand. There has been a remarkable increase in consumption of raw rubber in most consuming countries, particularly in the U.S., where, it is estimated, consumption had soared to six lakh tons in 1954. This upward trend is bound to continue during the current year with increasing industrial demand. In India, at the end of the second Five-Year Plan, consumption is expected to reach 40,000 tons, leading to an aggregate shortage of 14,000 tons. If this shortage is to be met by imports, it will obviously mean an avoidable drain on our foreign exchange resources.

It is clear, therefore, that concerted efforts should be made to raise domestic production by all possible means. Even then, however, we can only reduce imports of rubber to meet the manufacturers' demand. Apart from raising the price of raw rubber as the Government has now done—which, while meeting the growers' higher costs, is not likely to leave anything substantial for replanting purposes—it is also desirable to consider the question of starting a reclaim rubber factory and a synthetic rubber plant, as a public or private enterprise. The Government would also do well to aid small-holders to modernise their methods and raise both quantity and quality.

TRADE WITH CZECHOSLOVAKIA

India's bilateral agreement for trade with Czechoslovakia is due to expire on March 31, 1955. Since this limit marks the end of the extended period of three months granted after December last, it has been found necessary to start negotiations for a new trade agreement to take its place. This need not be taken as a formal exchange of views since conditions of trade between the two countries have undergone certain modifications as a result of the impact of the revival of the export trade of other countries. A Czech trade delegation is now in this country and talks between the delegation and the Union Ministry of Commerce are under way at present. Mr. F. Adamek, a leading member of the Czech delegation who also occupies the position of Vice-President of the Czechoslovakian Chamber of Commerce, emphasized the pressing necessity of taking stock of the situation and devising earnest measures to revitalise the trade between the two countries which has suffered a decline even in the short period of three years. Czechoslovakia's established status in the capital goods industry would normally indicate a trade surplus for that country in relation to India. But that surplus of Rs. 1.5 crores in 1951-52 changed last year into a deficit of Rs. 1.9 crores.

There is no particular virtue attached to a swing towards a deficit in a particular year. But in this specific case it indicates that the supply of capital goods from other exporting countries would be a source of constant potential competition to the Czech trade. Mr. Murarji Vaidya, President of the Indian Council of Foreign Trade, Bombay, analysed the situation to state that the decline in the Czech export of capital goods was due to this country's increasing offtake of the same type of goods from West Germany. In the long range, the balance of competitive forces must determine in which direction the trade in this main component of Czech exports will swing and the Czech delegation is not unaware of it. Apparently, it has a sense of confidence in the ability of its country to provide capital goods as well as technical know-how on acceptable terms. It is rather interesting that the spokesman of the Czech delegation, instead of being concerned over the decline in Czech exports, underlined the necessity of taking a longer view and disclosed the fact that importing organizations in his country were lacking in adequate knowledge of the range of goods that could be ordered from India. Gilted leather, iron ore and

pepper figure prominently on the list of India's exports to Czechoslovakia since bilateral trade was started. Mr. Adamek has stated that more commodities such as textiles, tea, tobacco and various oils may be added to the list with a good prospect of long-term trading. His suggestion to the Indian trade to send a trade delegation and arrange an exhibition of Indian goods in his country is intended to secure supply of information to the import trade in his country regarding Indian goods. The Indian Council of Foreign Trade has reacted promptly in deciding to respond to the proposal in respect of sponsoring an exhibition in Prague.

STABILISATION OF PEPPER TRADE

Conditions of great uncertainty introduced in the pepper trade since the serious price decline after 1953 need to be rectified by long-term measures. Apart from its value to growers in the South, its position as a dollar earner ought to be consolidated. From this viewpoint the move that has been taken by the trade for resumption of forward trading in pepper merits careful scrutiny and encouragement from the Forward Markets Commission. Last week representations were made to the Commission's Chairman, Dr. B. V. Narayanaswami Naidu, to give earnest consideration to the trade's request for permission for resuming forward deals. The case put forward by the Travancore Chamber of Commerce made a convincing plea from a non-partisan angle. Futures trading in pepper has now become imperative in the interest of stabilisation of prices and the Chamber has urged permission for its resumption by the erstwhile forward trading associations in pepper under the provision of the Forward Contracts (Regulation) Act, 1952. The Chamber made no secret of the fact that organizations like the Allepey Produce Merchants' Association which had a record of useful service were deficient in powers to deal with emergency conditions, since no by-laws had been framed to meet extraordinary situations. The Chamber has laid stress on two important factors as conditions of eligibility for forward contracts. There should be no compromise on the absolute rule of policy to permit only one association in the same area to conduct futures trading in any commodity, and simultaneously with this the approved association must be armed with by-laws adequate to deal with extraordinary situations.

Another measure contemplated to be put into operation for the stability of the trade has been sponsored by the Union Ministry of Commerce and Industry. A draft scheme has been prepared for the establishment of an Export Promotion Council for Pepper as an experimental measure for two years in the first instance. The need for the Council is dictated especially by the insistence of the overseas market on quality and the desirability for sustained publicity. Adherence to standards and quality alone can now enable the Indian export trade to hold its own against massive competition of an established exporting country like Indonesia which has staged its return in the international market after a long spell of absence since the war. The President of the Pepper and Ginger Merchants' Association, Bombay, has warned the trade not to lapse into complacency because of the attainment of the annual export target of 15,000 tons. He has urged the trade to lend support in every possible way to the Export Promotion Council to ensure a permanent place for it.

U.S. CONSUMPTION OF BURLAP

Though U.S. consumption of burlap in 1954 was down by about 5 per cent over the previous year, world consumption of jute goods showed some improvement during the same period. During this period, the volume of Indian shipments to the U.S.A. increased whilst those from other countries sharply declined. Prices during 1954 showed more stability than in 1953, in spite of the Pakistan jute crop losses amounting to some 1 million bales or 20 per cent of the expected yield. Thus the swing between the lows and highs remained at about 1½ cents per yard. It goes to the credit of the Calcutta trade that the subsequent imbalance was resisted. Calcutta mills squashed any attempt to run up the price of hessian—following the percentage advance in raw jute prices being greater than the price advance in burlap—by coming out as sellers, and increasing working hours to readjust supply and demand.

Reduced estimates of the jute crop are now causing some concern, for the shortage of raw material may prevent the maintenance of present production levels by mills. The result is seen in the bullish trends in all segments of the primary market. The good prices being realised, however, are likely to result in the raising of a large crop, notwithstanding attempts at restricted acreage—as in Pakistan. During 1954, European countries, Africa, the Middle East, parts of Asia and the American hemisphere enjoyed the same prosperity as the U.S.A., and expanding consumption affected burlap as well.

The neglect by continental manufacturers of the export field was responsible for the increased imports from India to the U.S.A. The U.S.A. consumes about 50 per cent of the Indian burlap production which means about 25 per cent of total production of jute goods. The lessening of U.S. requirements is not expected to mean a slump in prices of Indian burlap. The economic revival and the rapid rate of progress attained compares favourably with other countries in the world. However, the jute goods industry in India is conscious of the danger of severe competition from substitutes.

Economic forecasters in the U.S.A. see 1955 as a good year for the burlap trade. It is felt that an aggressive real sales effort must be made to expand burlap sales, and against the inroads of paper sacks. The National Burlap Bag Dealers' Association of the U.S.A. is expected to devote more time and energy to better and wider selling. Attention was drawn at a recent meeting of the Association to decreased consumption in 1954 in spite of the fact that during the year all sorts of business records were broken. The situation calls for a concerted effort on the part of Indian manufacturers, who will soon be facing some sort of competition from Pakistan, to entrench themselves and lower costs sufficiently to beat back all inroads on the use of burlap in the bulk handling field.

EXPANSION OF HEAVY INDUSTRY

Mr. K. C. Reddy's Press Conference at Bangalore last Sunday has not served to enlighten the public by way of any additional information on the respective merits of the German and Russian steel plant agreements. On the cost factor, people were advised to show patience and to wait and watch the final outcome as to the size of the outlay involved. The Production Minister, however, gave a broad idea of the schemes projected to be undertaken in the near future for the expansion of heavy industry in the public sector. The heavy electrical industry is still in the planning stage and it would be surely claiming too much to assert that considerable progress has been made towards ensuring its early establishment. The reports of the two expert committees remain to be digested as yet. It may be recalled that provision of finance to the extent of Rs. 7 crores for this plant was found on afterthought out of the additional provision of Rs. 50 crores for transport and industry and this fact gave an indication that the creation of this plant would involve time. Mr. Reddy has reiterated that the choice of the location of this plant is still to be made. It is unlikely, therefore, that the scheme would proceed and absorb Rs. 2 crores before March 1956 as forecast in the progress report of the Planning Commission. The indications at the present moment are that a scheme for a Rs. 20-crore project will finally emerge.

The target contemplated for the production of chemical fertilizers by the end of the second Five-Year Plan is provisionally placed at 1.2 million tons which is also the quantity expected to be required for home consumption. Sindri's output will be stepped up in the second phase when urea and double salt will be manufactured at the rate of 70 tons and 400 tons per day. The output for the Nangal project is estimated to be 300,000 tons. The plans for the balance await formulation, but there should be no difficulty in reaching the overall target. The Hindustan Machine Tool Factory has already started token production and completion of the establishment of the plant should not take long now. From the very start there is need for scrupulous earmarking of the types of tools to be produced by this factory and by the private units to avoid overlap which may cause serious repercussions on the structure of the latter. Hindustan Shipyard is to get an allocation of Rs. 2 crores for additional berths which would raise the rate of production of ships to at least 6 a year—double the present rate, and possibly more. On this scheme depend the hopes of appreciable reduction in production costs and lightening the burden on shipping companies (who have to pay the higher U.K. parity-price) as well as the tax-payer who pays for the purchase subsidy. The projected dry-dock would go to curtail loss of time and money in repairs. A few other projects hinted at by the Minister—synthetic oil from coal and an oil refinery at Digboi—need to be regarded as propositions hardly ripe even for preliminary planning in the near future.

ALLOCATION OF COTTON QUOTAS SUSPENDED

The Government of India recently decided to suspend with immediate effect the quota system of allocation of Indian cotton to mills in the country. The position will be reviewed again by the Government at the end of May 1955. The mills and cotton trade are entitled to purchase Indian cotton freely. A further 50,000 bales of (Bengal Deshi, Oomras, Kalagin, Dholleras and Mathias) cotton of the old or new crop with 11/16" staple and below have been released for export, of which the total quantity of Bengal Deshi shall not exceed 25,000 bales. In addition, export of another 25,000 bales of old crop of 1953-54 and earlier years with a staple length up to ¾" will be allowed. This relaxation of the eight-year control on cotton now remains mainly in matter of 'floors' and 'ceilings'.

The suspension of the quota system was not expected to induce mills to begin purchases immediately, as a good many mills are planning their future production. Though the step has been welcomed, it remains to be seen whether the production of medium quality cloth for which indigenous cotton is more economical will expand. Indian mill consumption during the first few months of the current year was 13.44 lakh bales compared to 12.9 lakh bales in the corresponding period of the 1953-54 season; which indicates that the current season's output of cotton will be largely absorbed. The release of short staple varieties of cotton for export is not expected to meet with any enthusiastic reception. Market sentiment has not appreciably cheered at the prospect of the export of 50,000 bales of 11/16" staple; it was indeed expected that the Jarilla varieties would come in for relief. The February and May contracts are reported to have reacted bearishly to the export announcement. Though the announcements have caused disappointment, it is rumoured that a considerable amount of Jarilla is due to be released for export.

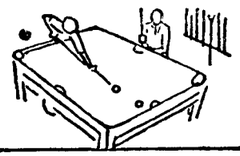
ALL-INDIA BODY FOR BULLION TRADERS

The All-India Bullion Traders' Convention which met recently at Bombay resolved to set up an All-India Association of Bullion Trade and Industry. The proposed national body would bring about the much desired co-ordination on a wider plane of the activities of regional and State associations. The Convention decided to appoint a constitution committee to frame a constitution for the proposed body. The Convention opposed the proposed amendments by the Government to the Sea Customs Act, which seek to place the responsibility of proving the origin of goods seized on to the persons from whom goods suspected of being smuggled are recovered and confiscated. The Convention opposed the amendments on the grounds of harassment and hardship to bona fide dealers. An appeal was made to Central and State Governments to examine the effects of different laws on the bullion trade and devise ways, in consultation with trade interests, to remove "objectionable and cumbersome" features of these laws.

Inaugurating the Convention, Dr. Jivraj Mehta, Bombay Minister for Finance, Prohibition and Industries declared himself against the habit of hoarding bullion, which he characterised as anachronistic. Banking facilities, and law and order had ensured stable conditions under which people would do better to invest in National Savings Certificates and help in national development. Dr. Mehta declared himself against the lifting of the ban on imports of gold and silver stating that such a relaxation would not benefit the country or help to reduce the disparity in domestic and foreign prices and urged the dishoarding of bullion. He drew attention to the recognition of the Bombay Bullion Association by the State Government, and to the fact that the State Government had endeavoured to protect the interests of both the bullion trade and the public, by regulating forward trading and preventing speculative excesses. With the establishment of the Forward Markets Commission, forward trading was expected to pass under the control of the Commission which would regulate forward trading on an all-India scale. Mr. Chinai of the Indian Merchants Chamber, in the course of his presidential address referred to the disparity between domestic and foreign prices of bullion—around 50 per cent. He observed that the problem of higher domestic prices could only be solved by greater vigilance in the prevention of smuggling and greater checks exercised on a voluntary basis by the trade itself. It was stated at the Convention that the annual turnover in bullion amounted to Rs. 600 crores.

WITHDRAWAL OF HYDERABAD SICCA CURRENCY

A Press note issue by the Government of India states that under the Hyderabad Coinage and Paper Currency (Miscellaneous Provisions) Act, 1953, the Hali Sicca coins would continue to be legal tender in Hyderabad State up to March 31, 1955, only. In order to effect the gradual withdrawal of the State currency, without causing any dislocation to the economic life of the community in the State and to give time to people with smaller incomes in the State to adjust themselves to the change, the Government of India, in consultation with the State Government, had decided to continue the minting and issue of reasonable quantities of Hali Sicca small coin of the denomination of Annas 8 and below for a period of one year. Hali Sicca one-rupee notes also continued to be issued for a temporary period. The bulk of the Hyderabad currency has since been withdrawn and the small amount of Hyderabad currency, which is still in circulation, is also expected to be withdrawn without much difficulty. As March 31, 1955, is drawing near, it is necessary to announce for the information of the public that the Hyderabad currency will cease to be legal tender with effect from April 1, 1955, and all monetary transactions in that State on and after that date would have to be conducted in Indian currency. Facilities are being provided for the conversion of Hyderabad currency into Indian currency for a further period of one year from April 1, 1955, at all the offices of the Hyderabad State Bank and the Treasuries and Sub-Treasuries of the Hyderabad Government.

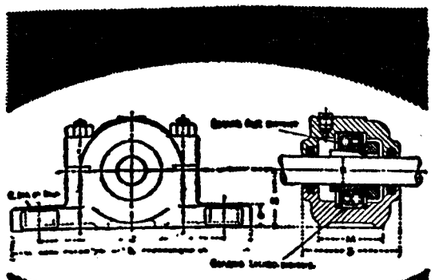


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COMPANY AFFAIRS

"BEGG, SUTHERLAND" GROUP OF SUGAR COMPANIES

The reports of the directors of the Cawnpore and Purtabpore Sugar Companies (Managing Agents: Begg, Sutherland and Co., Ltd.) for the year ended October 31, 1954, disclose discouraging results. The net profits are down in both the cases. The cane crushed during the year was considerably lower than in the previous year. The main cause of the low crush was the adverse weather experienced during the monsoons. Despite a fall in the sugar content of the cane to the factory, the extraction rate in the case of Purtabpore showed a small increase from 10.20 per cent to 10.48 per cent. The Cawnpore Sugar Co., has registered a decline in the yield. Working results of both the companies are outlined below:

Cawnpore Sugar Works, Ltd.

Sales at Rs. 116.41 lakhs showed a fall of Rs. 117.87 lakhs over the previous year's figure of Rs. 234.28 lakhs. The net profit amounted to Rs. 4.41 lakhs as compared to Rs. 11.68 lakhs in the preceding year.

	Cawnpore		Purtabpore	
Year Ended October 31,	**1954**	**1953**	**1954**	**1952**
Sales ..	43,61,059	79,63,210	40,95,451	12,81,27,395
Stocks ..	23,74,323	75,745	3,651	57,92,667
Salaries and Wages ..	8,54,090	7,77,160	8,42.104	26,04,867
Net Profit* .	2,08,186	2,70,166	1,41,634	5,35,655
Depreciation ..	65,000	65,000	1,00,000	3,00,000
Taxation ..	75,000	1,50,000	1,30,000	4,50,000
Rehabilitation Reserve ..	..	50,000	70,000	2,00,000
Ordinary Dividend (rate per cent per annum) ..	10	10	7½	20

* After providing for taxation but not for depreciation.

The directors have provided Rs. 3.25 lakhs for depreciation and Rs. 5.00 lakhs for General Reserve. Taxation absorbs Rs. 3.50 lakhs as against Rs. 10.50 lakhs in the last year. The ordinary dividend has been slashed from 20 per cent to 7½ per cent per annum. In addition to the 20 per cent dividend, the company issued, it may be recalled, bonus shares in the ratio of one to one in 1953.

Purtabpore Company Ltd.

In line with the working results of the Cawnpore Sugar Co., the Purtabpore also recorded lower profits at Rs. 1.42 lakhs as against Rs. 2.70 lakhs. The directors have set aside Rs. 1.00 lakh for depreciation and Rs. 1.30 lakhs for taxation. Rs. 1.50 lakhs were transferred from the Contingencies Reserve, which was no longer required, to the Rehabilitation Reserve. Out of this reserve Rs. 1,25,000 were utilised. The ordinary dividend at the rate of 12 annas per share was declared for the year under review.

The table below sets out the working of the companies during the last three years:

(In Rupees)

Cawnpore			Purtabpore
1954	**1952**	**1953**	**1954**
40,95,451	12,81,27,395	2,34,27,664	1,16,40,880
3,651	57,92,667	8,70,741	1,78,035
8,42.104	26,04,867	24,33,860	20,43,543
1,41,634	5,35,655	11,67,948	4,41,060
1,00,000	3,00,000	2,75,000	3,25,000
1,30,000	4,50,000	10,50,000	3,50,000
70,000	2,00,000	5,66,230	5,00,000
7½	20	20	7½

THE PUNJAB NATIONAL BANK LTD.

After audit the working of the Punjab National Bank Ltd., Delhi for the year ended December 31, 1954, has resulted in a profit of Rs. 56,86,180, including Rs. 3,10,289 brought forward from the previous year's account and the following appropriations have been made therefrom:

Provision for Income-tax ..	Rs.	16,00,000
Transferred to Contingency Reserve ..	„	12,50,000
Transferred to Reserve Fund ..	„	2,47,140
Transferred to bonus to staff A/c ..	„	9,50,000
Transferred to Charity A/c ..	„	40,000
Transferred to Gratuity to Staff A/c ..	„	50,000
Ad-Interim dividend @ Rs. 1 per share paid ..	„	3,50,000
TOTAL ..	Rs.	44,87,140

The Directors have further recommended that out of the balance of Rs. 11,99,040 a sum of Rs. 7,00,000 be paid as dividend at Rs. 2 per share, free of Income-Tax making the total at 12 per cent per annum. The balance of Rs. 4,99,040 has been proposed to be carried forward to the next year's account.

THE RELIANCE JUTE MILLS CO., LTD.

The audited accounts of the above Company (Managing Agents: Jardine Henderson, Ltd.,) for the half-year ended September 30, 1954 disclose a net profit of Rs. 2.64 lakhs as against a loss of Rs. 81,094 during the previous half-year. The sales are down by Rs. 6.14 lakhs from Rs. 102.07 lakhs to Rs. 95.93 lakhs. The manufacturing expenses have also decreased by Rs 2.71 lakhs to Rs. 62.55 lakhs. The bill for salaries and wages covers more than 27 per cent of the sales.

The directors have provided Rs. 50,000 for depreciation while no provision has been made for taxation. They have, once again, passed over the dividend on the ordinary shares. The dividend on preference shares has been recommended at Rs. 3-8 per share for the half-year ended March 31, 1954, and for the half-year under review, absorbing a sum of Rs. 1.40 lakhs.

In accordance with the Main and Supplementary Working Time Agreement of I.J.M.A. the mill worked 42½ hours per week until July 10, 1954, and 45 hours per week from July 12, 1954, until the end of half-year. Throughout the period under review 12½ per cent of the total looms remained sealed.

The working of the Company during the last three half-years is summarised in the table below:

(In Lakhs of Rupees)

Half-year ended	**30-9-1953**	**31-3-1954**	**30-9-1954**
Sales ..	1,01.24	1,02.07	95.93
Stock ..	22.72	15.44	15.65
Manufacturing Expenses	59.51	65.26	62.55
Salaries and Wages ..	27.32	26.63	26.57
Net Profit* ..	+ 4.18	— 0.81	+ 2.64
Provision for depreciation	1.00	0.50	0.50
Provision for taxation ..	1.00**	0.06	Nil
Ordinary Dividend (rate per cent per annum)	5	Nil	Nil

* Before providing for depreciation and taxation.

** Provision for contingencies.

COMMODITY NEWS AND NOTES

FIRST ESTIMATE OF LINSEED

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of linseed, 1954-55, puts the current year's area at 2,441,000 acres, as against the adjusted first estimate of 2,501,000 acres for 1953-54. This shows a decline of 60,000 acres or 2.4 per cent in area. The decline in acreage under linseed during the current year has occurred mainly in Rajasthan, Hyderabad, Madhya Bharat and Bihar and has been attributed to unfavourable climatic conditions at the sowing time. The decline has, however, been offset, to a great extent, by increases reported by Madhya Pradesh and Vindhya Pradesh due mostly to favourable weather conditions at the time of sowing. The information given in this estimate relates generally to the period up to the middle of December 1954. This estimate does not cover the entire area sown to linseed crop during 1954-55. Past experience shows that the area at the first estimate stage forms roughly 80 per cent of the area under the crop finally reported.

CLOTH EXPORTS TO BRITAIN

Indian exports of cotton cloth to Britain have increased from 16 million sq. yards in 1953 to 133 million sq. yards in 1954. Japan too has increased her exports from 38 million sq. yards in 1953 to 52 million sq. yards in 1954. These figures were given by the British Minister of State at the Board of Trade, who expressed fears that these increased exports might cause unemployment in Lancashire. He pointed out that the Indian Government had assured to consider the rate of duty on British textiles in the light of actual imports into India after India liberalized the quota in September last.

RECORD COAL OUTPUT

The output of coal in collieries in India reached the peak figure of 3,503,459 tons in December, according to statistics released by the Chief Inspector of Mines. The output in the previous month was 3,221 715 tons. Despatches of coal amounted to 2,746,588 tons in December, as against 2,728,291 tons in the preceding month. Coal stocks at pitheads rose to 3,467,898 tons from 3,161,153 tons. The output per man-shift was estimated to be about 1.09 tons for miners and loaders, 0.60 ton for all workers underground and in open-workings, and 0.38 ton for all persons employed including surface workers. Coke plants at collieries and elsewhere produced 369,320 tons of hard, soft and other kinds of coke during the month and despatched 169,049 tons.

PAKISTAN TEA CROP

The final estimate of the area under tea crop for 1954-55 is 74,000 acres, against 75,000 acres in the previous year, showing a decrease of 1.3 per cent. The tea crop yeild for the year under review is estimated at 54 million lbs. against 52 million lbs. in 1953-54, an increase of 3.8 per cent, which is attributed mainly to favourable weather conditions.

THAI-JAPANESE TIN VENTURE

Japan is starting shortly tin production along with the local interests in Southern Thailand. Japan's Mitsuibishi Mining and Trading Companies will provide the machinery and Thailand interests will provide the mining rights and local facilities at the Cang Phra mines near the Malayan frontier. It is hoped to produce nearly 50 tons a month at first—about one-fifth of Japan's present import which comes mostly from Malaya, thereby reducing dependence on the latter country for the commodity.

"ALL PAKISTAN" REVISED FIRST ESTIMATE OF MAIZE

The first estimate of the area under the maize crop for the year 1954-55 is 1,025,000 acres as against 1,004,000 acres reported in the first estimate of the previous year, and shows an increase of 2.1 per cent. The acreage reported in the final estimate of the last year was 1,067,000 acres. There have been increases in the acreage of this crop in the Punjab, Sind and Bahawalpur State. By far the largest increase has occurred in the Punjab which is attributed mainly to a comparative decrease in the area sown this year with cotton and sugarcane in certain districts of the province. The condition of the crop in major producing units of Pakistan is reported to have been about normal.

"ALL PAKISTAN" FIRST ESTIMATE OIL LINSEED CROP

The first estimate of the area under linseed crop for the year 1954-55 is 75,000 acres as against 72,000 acres reported in the first estimate of the previous year, and shows an increase of 4.2 per cent, which is attributed to favourable weather conditions. The acreage reported in the final estimate of the previous year was 74,000 acres. Sowing commenced on normal dates. The condition of the crop is reported to be satisfactory.

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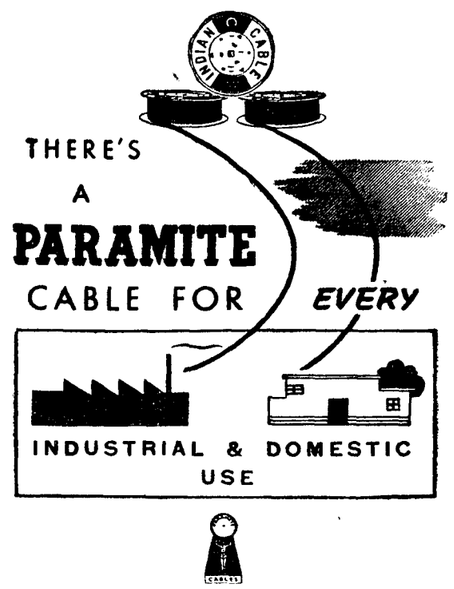
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NEW DELHI

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 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
March 1954 ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ,, c ..	343.2	441.0	355.6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100 5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
Week Ending										
1-1-1955 ..	318.4	429.7	345.7*	374.4	570.5	366.3	90.4	100.7	88.5	113.6
8-1-1955 ..	312.0	437.4*	345.3*	374.7*	563.1*	365.0*	90.5	100.7	88.5	114.5
15-1-1955 ..	313.6	437.4	345.3	376.1*	566.9	365.9*	90.6	100.7	88.4	115.3
22-1-1955 ..	305.6*	430.9	344.3*	376.4*	567.1	362.1*	90.6	100.7	88.2	115.1
29-1-1955 ..	302.5	427.8	341.7	376.5	571.8	360.0	90.6	100.7	88.3	115.8

†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†	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
					Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	—	—	138	327	408	—	—	341	—	—	—
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	139
November	344	361	227	139	325	387	—	—	337	146	139	—
December	341	—	—	135	321	369	—	—	337	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	12-2-1955			5-2-1955			29-1-1955			22-1-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	95- 0	92- 7	93-14	92- 9	91- 2	92- 5	92- 0	91- 2	91-11	92- 2	90-12	91- 5
Silver (per 100 fine tolas)	165-14	161- 5	163- 9	161- 7	160-11	161- 1	161- 9	160- 3	161- 1	161-14	158-11	160- 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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
June 1954	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,15	695,72	56.33	104,27	434,90	
Week Ending										1,226,51
31-12-1954	1,200,49	26,01	1,226,51	40,02	663,15	703,17	57.33	105,58	417,75	1,226,50
7-1-1955	1,219,29	15,80	1,235,09	40,02	663,15	703,17	56.93	104,24	427,69	1,235,09
14-1-1955	1,224.51	10,44	1,234,95	40,02	653,21	693,23	56.13	104,09	437,63	1,234,95
21-1-1955	1,219,47	15,69	1,235,16	40,02	653,21	693,23	56.12	104,30	437,63	1,235,16
28-1-1955	1,217,72	17,60	1,235,32	40,02	653,21	693,23	56.12	104,46	437,63	1,235,32
4-2-1955	1,231,82	12,79	1,244,61	40,02	663,15	703,17	56.50	103,82	437,63	1,244,61

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34,21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	35,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,83	36,21	1,76	103,61	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,96	15,45	61,48	34,01	164,95	20,97	196,89	15,19	3,45	74,99	2,01	19,23	71,78	10,26
Week Ending														
31-12-1954	54,89	16,74	69,13	34,39	175,15	20,81	205,95	26,35	4,01	67,64†	1,67	21,29	75,34	9,65
7-1-1955	52,96	11,10	63,83	34,40	162,29	20,65	192,94	16,03	4,75	66,90†	2,75	18,33	74,50	9,68
14-1-1955	55,47	13,94	60.32	33,85	163,58	22,17	195,75	10,75	4,03	76,56†	2,73	20,00	71,93	9,76
21-1-1955	53,36	16,18	63,64	33,74	166,92	22,50	199,42	16,03	2,45	80,08†	1,77	18,64	70.63	9,83
28-1-1955	54,03	20,77	58,14	34,06	166,99	18,56	199,46	17,94	2,55	76,40†	79	19,96	70,07	11,76
4-2-1955	48,84	19,36	54,89	34,16	157,24	18,84	190,70	13,03	2,22	71,72†	95	21,26	69,59	11,93

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

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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	58,47	58.46	306,34
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Averageof Fridays										
October 1952 ..	546,05	316,42	862,48	33,95	61,88	11.11	439,48	25,82	53.95	312,63
November ,, ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315 32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,43
May ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	60,87	62.77	300,46
June ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	58,38	61.32	309,77
July ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	52,83	57.69	314,39
August ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	49,09	56.01	323,14
September ,, ..	525,51	330,22	855,73	31,12	48,48	9.30	422,67	43,68	54.50	331,04
October ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	39,55	53.15	336,85
November ,, ..	525,93	334,01	859,94	32,18	55,21	10.15	414,71	39,76	52 96	338,57
December ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	42,06	53.15	337,21
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,334
Week Ending										
16-7-1954 ..	550,19	340,47	890,66	30,75	44,54	8.45	459,67	82,01†	60.82	328,97
23-7-1954 ..	552,87	344,51	897,38	30,29	48,07	8.73	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	29,62	46,79	8.53	450,38	87,87†	59.67	333,86
6-8-1954 ..	546,59	347,58	894,17	29,95	48,43	8.77	450,14	82,50†	59.57	336,12
13-8-1954 ..	547,85	347,64	895,49	30,71	48,71	8.87	446,46	82,31†	59.05	337,73
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350.15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66.02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939,15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367,14	939,70	32,25	58,16	9.62	476,03	76,67†	58.82	351,13
21-1-1954 ..	582,91	368,61	951,51	32,95	61,77	9.95	475,00	80,44†	58.38	352,36
28-1-1954 ..	579,97	370,43	950,39	33,94	57,88	9.66	481,02	78,96†	58.92	352,79
4 2-1955 ..	581,99	369,17	951,16	32,77	54,97	9.22	489,31	80,62†	59.92	354,47

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

NATIONAL INCOME ESTIMATES OF THE INDIAN UNION 1948-49 TO 1951-52

NATIONAL INCOME BY INDUSTRIAL ORIGIN

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
Agriculture				
agriculture, animal husbandry and ancillary activities ..	48.8	47.8	43.8	41.6
forestry	0.7	0.7	0.7	0.6
fishery	0.4	0.4	0.4	0.3
total of agriculture ..	49.9	48.9	44.9	42.5
Mining, manufacturing and hand-trades				
mining	0.9	0.7	0.6	0.6
factory establishments ..	6.9	5.5	5.4	5.5
small enterprises ..	9.5	9.1	9.0	8.7
total of mining, manufacturing and hand-trades ..	17.3	15.3	15.0	14.8
Commerce, transport and communication				
communication (post, telegraph and telephone) ..	0.4	0.4	0.3	0.3
railway	2.1	1.8	1.8	1.7
organised banking and insurance	0.8	0.7	0.6	0.5
other commerce and transport	14.6	14.0	13.9	13.5
total of commerce transport and communication ..	17.9	16.9	16.6	16.0
Other services				
professions and liberal arts ..	5.0	4.7	4.5	4.3
government services (administration)	4.5	4.3	4.1	4.0
domestic service ..	1.4	1.3	1.2	1.2
house property	4.1	4.1	4.0	3.9
total of other services ..	15.0	14.4	13.8	13.4
net domestic product at factor cost ..	100.1	95.5	90.3	86.7
net earned income from abroad	—0.2	—0.2	—0.2	—0.2
net national output at factor cost—national income ..	99.9	95.3	90.1	86.5

SHARE OF GOVERNMENT IN DOMESTIC PRODUCT AND EXPENDITURE

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
Government share in generation of net domestic product				
net output of government enterprises	3.2	2.9	2.7	2.4
net output of government administration ..	4.5	4.3	4.1	4.0
net output of the private sector	92.4	88.3	83.5	80.3
net domestic product ..	100.1	95.5	90.3	86.7
Government share in national expenditure				
government current expenditure on commodities and services (governmet administation)	5.8	5.6	5.4	6.4
government administrative capital expenditure ..	1.1	1.0	1.2	1.0
government enterprises capital expenditure ..	1.9	1.6	1.5	1.1
net national expenditure at market price	105.8	100.3	94.6	90.6
Government draft on private income				
direct taxes	2.4	2.3	2.2	2.4
indirect taxes	5.3	4.3	3.9	3.6
miscellaneous fees, etc. ..	1.0	1.1	1.0	0.9
private income ..	100.3	95.7	90.5	87.0
Government capital formation and finance				
surplus on current account and maintenance provision	2.8	1.9	1.6	0.1
government borrowing at home	0.0	0.5	0.1	2.7
government borrowing abroad	0.7	0.1	0.2	—2.2
extra-budgetary receipts and adjustment for cash balances	—0.5	0.2	0.8	1.5
gross capital formation on government account ..	3.0	2.7	2.7	2.1

NATIONAL ECONOMY AND THE REST OF THE WORLD

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-50 (5)
Exports and imports in relation to net national product gross of imports.				
exports of commodities and services	8.6	7.6	6.3	5.7
imports of commodities and services	10.3	6.9	6.7	8.0
net national product gross of imports of commodities and services	110.2	102.2	96.8	94.5
Receipts from abroad in relation to net domestic product.				
net earned income from abroad	—0.2	—0.2	—0.2	—0.2
net donations from abroad ..	0.2	0.1	0.1	0.1
net domestic product ..	100.1	95.5	90.3	86.7
Financing of import surplus.				
private long term borrowing ..	—0.0	—0.1	—0.1	—0.2
other long term borrowing (official and banking institutions)	1.0	0.0	0.2	—2.2
short term borrowing (balancing short term capital movements)	0.7	—0.5	0.4	4.8
net borrowing ..	1.7	—0.6	0.5	2.4
import surplus (commodities and services) ..	1.7	—0.7	0.4	2.3
other items on current account (net)	0.0	0.1	0.1	0.1
net deficit on current account —net borrowing ..	1.7	—0.6	0.5	2.4

RELATIONSHIP BETWEEN THE NATIONAL INCOME AND THE OTHER MAIN AGGREGATES OF INCOME AND PRODUCT

In Rs. abja*

(1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)
net domestic product at factor cost	100.1	95.5	90.3	86.7
earned income from abroad ..	—0.2	—0.2	—0.2	—0.2
net national product at factor cost—national income ..	99.9	95.3	90.1	86.5
indirect taxes including miscellaneous fees	6.3	5.4	4.9	4.5
less subsidies ..	—0.4	—0.4	—0.4	—0.4
net national product at market price	105.8	100.3	94.6	90.6
net domestic product at factor cost	100.1	95.5	90.3	86.7
less income from domestic product accruing to government	—0.8	—0.7	—0.6	—0.5
income from domestic product accruing to private sector ..	99.3	94.8	89.7	86.2
national debt interest ..	0.4	0.4	0.5	0.5
earned income from abroad ..	—0.2	—0.2	—0.2	—0.2
transfer payments ..	0.6	0.6	0.4	0.4
net donations from abroad ..	0.2	0.1	0.1	0.1
private income ..	100.3	95.7	90.5	87.0

* abja=100 crores

Continued on the next page.

CURRENT ACCOUNT OF PUBLIC AUTHORITIES: ADMINISTRATION

In Rs. abja*

Expenditure (1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)	Revenue (6)	1951-52 (7)	1950-51 (8)	1949-50 (9)	1948-49 (10)
Current expenditure on commodities and services.					**Direct taxes on income.**				
Civil administration ..	3.53	3.36	3.17	2.95	corporation tax ..	0.41	0.39	0.40	0.64
defence ..	1.97	1.88	1.76	3.03	other income taxes. ..	1.52	1.40	1.32	1.33
miscellaneous ..	0.35	0.35	0.45	0.40	land revenue ..	0.50	0.52	0.47	0.42
total ..	5.85	5.59	5.38	6.38	total direct taxes ..	2.43	2.31	2.19	2.39
subsidies ..	0.45	0.41	0.36	0.40	**Indirect taxes.**				
transfer payments ..	0.59	0.59	0.44	0.36	customs	2.35	1.60	1.41	1.39
total current expenditure. ..	6.89	6.59	6.18	7.14	excise	1.35	1.12	1.16	1.07
Saving.					stamps	0.24	0.24	0.22	0.20
surplus on current account.	2.26	1.42	1.06	—0.20	other taxes and duties. ..	1.37	1.32	1.15	0.96
					total indirect taxes. ..	5.31	4.28	3.94	3.62
					Fees and miscellaneous receipts.				
					civil administration ..	0.57	0.63	0.57	0.55
					miscellaneous ..	0.43	0.48	0.43	0.39
					total	1.00	1.11	1.00	0.94
					total tax revenue ..	8.74	7.70	7.13	6.95
					Transfer of operating surplus from current account of commercial enterprises.				
					railways	0.37	0.23	0.15	0.16
					others	0.14	0.19	0.17	0.09
					total	0.51	0.42	0.32	0.25
					Income from property.				
					interest receipts ..	0.10	0.10	0.10	0.10
					other receipts ..	0.17	0.16	0.16	0.13
					total income from property ..	0.27	0.26	0.26	0.23
					less national debt interest. ..	—0.37	—0.37	—0.47	—0.49
total	9.15	8.01	7.24	6.94	total	9.15	8.01	7.24	6.94

CURRENT ACCOUNT OF PUBLIC AUTHORITIES : ENTERPRISES

In Rs. abja*

EXPENDITURE (1)	1951-52 (2)	1950-51 (3)	1949-50 (4)	1948-49 (5)	REVENUE (6)	1951-52 (7)	1950-51 (8)	1949-50 (9)	1948-49 (10)
Purchase of commodities and services from other enterprises.					**Sale of commodities and services:**				
railways	0.75	0.68	0.67	0.60	railways ..	2.05	2.66	2.60	2.35
others	0.31	0.23	0.22	0.19	others	1.23	1.13	0.97	0.82
total	1.06	0.91	0.89	0.79	total	4.18	3.79	3.57	3.17
Wages and salaries									
railways	1.22	1.15	1.14	1.13					
others	0.52	0.48	0.42	0.40					
total	1.74	1.63	1.56	1.53					
Interest payment to private sector through government (debt services.)									
railways	0.26	0.26	0.23	0.22					
others	0.11	0.09	0.07	0.07					
total	0.37	0.35	0.30	0.29					
Provision for maintenance and depreciation.									
railways	0.35	0.34	0.41	0.24					
others	0.15	0.14	0.09	0.07					
total	0.50	0.48	0.50	0.31					
Operating surplus.									
railways	0.37	0.23	0.15	0.16					
others	0.14	0.19	0.17	0.09					
total	0.51	0.42	0.32	0.25					
total	4.18	3.79	3.57	3.17	total	4.18	3.79	3.57	3.17

* abja=100 crores

MINERAL PRODUCTION IN SOUTH-EAST ASIA

(Monthly Averages)

(Thousand metric tons)

	1950	1951	1952	1953	1954§
COAL					
India ..	2,735	2,915	3,074	3,035	3,036
Indonesia ..	67.6	72.3	80.7	74.8	70.8
Korea (South) ..	52.8	13.5	48.0	72.2	68.7
Pakistan (Including Lignite) ..	37.0	42.8	50.8	49.0	..
Philippines ..	13.2	12.5	11.6	..	..
Viet-Nam ..	42.0	53.0	71.0	70.0	..
LIGNITE					
Malaya, Federation of ..	35.2	32.4	26.7	24.2	18.4
Korea (South) ..	2.3	0.5	0.2	..	..
PIG-IRON AND FERRO-ALLOYS					
India ..	142	154	157	150	158
CRUDE STEEL					
India ..	122	127	134	128	138
COPPER ORE					
India (Refined Copper) ..	0.56	0.60	0.51	0.42	0.57
Korea ..	..	..	0.05	..	..
Philippines ..	0.87	1.06	1.18	..	..
LEAD ORE					
India (Refined Lead) ..	0.05	0.07	0.10	0.14	0.15
Burma ..	0.10	0.50	0.46	..	..
TIN					
Malaya and Singapore ..	5.82	5.58	5.23	5.28	5.96
ALUMINIUM					
India ..	0.30	0.33	0.30	0.32	0.32
CRUDE PETROLEUM					
Brunei (Specific gravity 0.84) ..	343	415	423	406	403 (f)
Indonesia (Specific gravity 0.85) ..	534	620	710	852	850
Pakistan (Specific gravity 0.84) ..	12.0	12.7	14.9	16.1	..
Sarawak (Specific gravity 0.84) ..	4.79	4.38	4.33	4.75	5 (f)
Burma ..	6.1	9.8	10.7	..	..
IRON ORE					
India (Metal content 65%) ..	251	310	332	309	347
Malaya (Metal content 60%) ..	42.2	71.7	89.4	90.0	74.2
Fed. of Philippines (Metal content 55%) ..	49.9	75.3	97.5	101.6	..
TIN CONCENTRATES					
Burma ..	0.13	0.09	0.10	0.08	0.08
Indonesia ..	2.72	2.62	2.96	2.86	2.70
Malaya, Federation of ..	4.87	4.84	4.81	4.76	5.00
Thailand ..	0.88	0.80	0.80	..	..
Laos & Viet-Nam ..	.005	.008	.013	.01	..
MANGANESE ORE					
India ..	425	611	601*	..	..
Korea ..	..	..	2.9	..	..
Philippines ..	11.9	8.9	8.3	..	..
Portuguese India ..	15.7	35.6	49.0	..	..
BAUXITE					
Federation of Malaya ..	..	..	1.83	..	..
India ..	5.41	5.66	..	..	..
Indonesia ..	44.25	53.50	28.66	..	..

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

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 2-MAR 1955 UNDATED
Air Freight Edition

THE Eastern Economist

VOL. XXIV. NO. 8. NEW DELHI, FEBRUARY 25, 1955. ONE RUPEE

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The next issue of 'The Eastern Economist' to be published on March 5, 1955, will be the Special Budget Number, priced Rupees Two but supplied to subscribers without additional charge.

The Outlook for the Railways

SEVERAL issues, some naturally less important than others, have been raised by the Railway Budget introduced this week. It is unfortunate that some minor issues have tended to distract public attention from the major question which is the relation between revenue net receipts of the Indian Railways and proposed new capital expenditure. Some optimism has been generated by the fact that the gross traffic receipts

for the year 1953-54 at Rs. 274.29 crores were higher than the revised estimates by Rs. 2.29 crores. For 1954-55 the revised estimates are now Rs. 282.80 crores against the budget estimates of Rs. 273.25 crores, that is, an increase of Rs. 9.55 crores. Thus, there was a surplus—not too small for these hard days—which should help to secure some little consideration at the hands of the Finance Minister next Monday. But surely to attach importance to the surplus is to lose all proportion in reading the general picture.

What is not generally realised is that although earnings have risen, the proportion in which they have risen in relation to the general rise in production in the economy presents a deeply discouraging picture. In two Special Articles in this issue this problem of how to assess the future of the Indian Railways in relation to the rise in production contemplated in the first and second Five-Year Plans is discussed in some detail. So far as industrial production is concerned it would appear that a rise of 23 per cent in industrial production was reflected in a rise of only 7 per cent in net ton miles.

How do these figures measure up against the investment proposed in the second Five-Year Plan? Existing indications are that investment will be of the order of Rs. 800 crores, and even at the end of that period the railways will not be able to carry all the traffic that will be offering. The railway plans for the period 1956-61 cannot be conceived to be extravagant. Even this inadequate plan can, however, only be accomplished under the powerful operation of the Law of Decreasing Returns. This does not imply that this work should not be undertaken. Investment on the railways must be examined in terms of general welfare at least as much as in terms of commercial operation. But this does not imply that, financially speaking, the railways will be doing worse and not better than now.

If the results of the Special Articles in this issue are acceptable as indicating orders of magnitude of investment and receipts, one might conceivably expect on an investment of Rs. 800 crores a return of Rs. 40 to Rs. 45 crores at the most. In other words, the railways will find it difficult enough on their new expenditure to earn as much as 4 or 5 per cent on the capital. It may, therefore, be fairly assumed that after the payment of 4 per cent to general revenues and the diversion of the necessary amounts to depreciation, the railways will not contribute in the next seven years anything to general revenues.

This is a result the full meaning of which has nowhere been appreciated. For many years to come, and it would appear almost as far as can now be seen, the railways will need to be subsidised from general revenues and not the other way round. The constant hope that railway development will provide the Central Exchequer with resources is based on nothing more than wishful thinking. Because this is so, the extraordinary diversion of resources to passenger amenities needs far more searching examination than it has hitherto received. It is one thing for the railways to extend passenger amenities and other services out of their own earnings. It is quite another that these charities should be dispensed at the cost of the general tax-payer and should mean resources withdrawn from productive investment elsewhere.

The central fact that the Indian railways are entering the red—that is, will soon become a losing proposition—while they continue to misapply welfare in the belief that they are profit-making is not grasped by the Ministry of Railways or by the Ministry of Finance or by the general public. And yet there has been in recent months one remarkable event which should have awakened at least our Ministries to the discovery that this is the way nationalised railways in a Welfare State tend to behave. The recent threat of a railway strike on the British Railways and the dubious settlement which was there reached under political pressure show how easy it is for a vested nationalised institution to raid the Public Exchequer. In the United Kingdom today, commercially speaking, it may be fairly said that the railways have become a liability and not a national asset. This does not make railways any the less necessary in the conditions of the United Kingdom. But, at any rate, there are people in the United Kingdom who recognise that the total absence of commercial operation means that the British Railways have taken their place as part of the British Welfare State, in which the enterprise is kept in operation only by charity dispensed out of taxation for the most part from profit-making private enterprise.

It is time that the seriousness of the financial picture of Indian Railways is looked at in just these terms. It is true that part of the trouble is political resistance to the raising of fares, some of which are unwise in being too low. But if the railways are running at a loss, is there any reason that the loss should be increased by the addition of amenities paid for, as they must be in the long run, not by users of the railways but by the general tax-payer? The unfairness with which railway passengers of whatever class have been hoisted on the back of the general public needs ruthless description. This description is necessary because neither the Minister for Railways nor the Ministry of Finance recognises that the financial position must further deteriorate and there needs to be the utmost ruthlessness in resisting expenditure on items which throw a further burden on the whole community in the name of assisting the few. This is the age of the unprivileged; but is there much point in taxing all the people, including the unprivileged, in order to assist both privileged and unprivileged alike?

Over the last five years there has been a constant escape from the only two matters to which the Indian Railways need to give consideration. The first of these is the serious inadequacy of the railways to carry the transport that is offering or is likely to offer in the next seven years. Regardless of all commercial considerations, this is a duty the railway must bear as an inevitable condition of economic advance. On the other hand, largely because of the need for expanding the railways even outside commercial considerations, there should have been a recognition of the extent to which new investment was likely to be commercially unwarranted. If such an evaluation had been made as is done in the Special Articles in this issue, the reckless expenditure on amenities for passengers and staff to be financed now by the General Exchequer and not by the railways themselves would have been held in abeyance.

The fact that the railways operate both in and out of the commercial field should give them added reason for testing their welfare measures against their capacity to earn the amounts they dispense in virtual charity. Now the railways recline on a bountiful State which cannot resist a politically powerful vested interest such as the Railwaymen's Federation. It is a criticism of the Ministry of Railways that it is all too ready to take the line of least resistance.

Meeting of the Manila Powers

THE Manila Treaty Powers who have met this week in Bangkok for their first conference after the Treaty cannot fail to be conscious of the difference in the atmosphere since the Treaty was signed last September. At that time, there was much greater suspicion of the intention of the eight Powers because the Treaty closely followed the Geneva settlement on Indo-China. It was then believed that the moves of these Powers might defeat the objects of the Geneva Agreement without giving the International Supervisory Commission a chance to go to work. That fear has now abated. The six months since have provided sufficient time for the signatories to consider what constructive purposes could be served by the structure which they hastily erected at Manila. The presence of Mr. Dulles at Bangkok for this conference must be regarded as a token of the importance which the United States continues to attach to the organisation of the Powers who are like-minded on the question of Communist pressure and on the measures necessary for defence against it. Having taken the initiative in organising the Treaty, the United States could not naturally allow the groups to fall apart for lack of guidance from above.

It is Sir Anthony Eden's presence in Bangkok that should excite greater curiosity. Six months ago his absence due to illness at Manila was regarded as particularly significant. Sir Anthony Eden's leading role in the understanding reached at Geneva appeared to have made it inexpedient in a diplomatic sense that he should personally get involved in the Manila discussions, though the U.K. could not well afford to remain aloof from them altogether. The change in the climate since would prevent such embarrassments on this occasion. Sir Anthony's visit to the Far East is without a historical precedent in British history but that is only important in a journalistic sense; it is a sign of deep British interest in the future of the Manila Treaty.

That the U.K. now finds in this Treaty a means to offset the wrong she had felt by her omission in the ANZUS Organisation is only a part of the explanation. Britain had regarded her isolation from the defence policies of Australia and New Zealand as a weakening of the Commonwealth ties, apart from the fact that it ignored her special interests in this region because of her position in Malaya and Singapore. Besides, the South-East Asia Defence Organisation set up at Manila is a part of the world-wide alliance against Communism, which is linked intimately to the Western alliances. Though SEADO would ultimately depend for its military backing only on the American military strength in the Pacific, any occasion which compels the Organisation to invoke the sanctions will test all the links in the chain. It would set all the other allied defence systems into operation. Since British policy is in the last resort committed to the solidarity of the Western alliance, it is only understandable that Britain should ensure that the obligations of that solidarity do not involve participation in decisions which it has not had opportunity to influence in advance.

In what direction would the British Foreign Secretary hope to influence the trend of discussions at Bangkok? Thailand, the Philippines and Australia have shown themselves anxious to revive the question of putting "teeth" into SEADO, which six months ago did not secure priority. The United States while not averse to this demand has been more eager to widen the membership of SEADO, to encourage greater local efforts in defence arrangements and to make SEADO an instrument of economic assistance to the region. On the implications of the recent developments in the region which will be discussed at Bangkok, none of the Powers, except the Big Two, is particularly well-qualified. Sir Anthony's personal role may be interpreted as either a belated acceptance of the objects of SEADO and earnestness to work for them or as an attempt to play the moderating role for which the British Foreign Secretary has now become reputed. All the evidence seems to point to the latter as the most likely object of his special visit.

Sir Winston Churchill's declaration this week that Britain would not be involved militarily in the defence of islands off the coast of China shows the continuing divergence of British policy from that of the United States. Mr. Dulles had earlier opposed the further surrender by the Kuomintang of the islands close to the Chinese mainland, which Britain has accepted as lying within the jurisdiction of the People's Republic. It is true that American opposition to such surrender is unlikely to take the form of positive intervention to defend the islands on behalf of Chiang Kai-shek. But British policy at the present moment is to take no chances on these issues and it is difficult for Sir Anthony Eden to discover for himself a different role at Bangkok. Even the question whether the headquarters of SEADO should be located at Singapore, Bangkok or Manila would assume importance only in respect of the extent to which it would affect British influence in decisions about defence.

Sir Anthony has been emphatic in ruling out Formosa as an issue on the agenda for discussion at the conference. He has not shown himself a crusader in securing the participation of other South Asian Powers in the Organisation. The Indian point of view has by now been too emphatically expressed to raise such hopes. The Prime Minister of Ceylon has disclaimed any intention to change the policy of his Government. Burma's adherence to the 'Five Principles' has not been altered and only the general elections in Indonesia can finally determine whether that country's foreign policy would undergo a change. The success of the American objective of strengthening SEADO by adding members (instead of dentures) would in the last resort depend upon Communist policies. If Chinese pressure continues to be in evidence, SEADO would succeed in enlarging its membership by persuading some at least of the uncommitted nations. If not, it would be destined to remain in its present form, incapable of justifying its pompous claim to speak for or decide the collective security of South-East Asia even though it represents only a fifth of its population.

Mr. Dulles has not helped his main objective by tracing a precedent for the Manila Treaty in the Munroe Doctrine. It may be an example of American benevolent intentions towards Asian Powers but the principle of the Munroe Doctrine can be equally effectively invoked to the opposite effect to rule out intervention by outside Powers. On the other hand, Sir Anthony Eden underlined the value of constant consultations in SEADO on the lines of the Western collective systems and of the Commonwealth. Pointing to the importance of the problem of poverty in relation to Communism, he added: "It is with these matters that I hope our meeting will be concerned." This seems a clear indication of British desire to make the defence talks secondary to the consultative and co-operative aspects of SEADO. On the question of economic co-operation itself, however, there would be a general preference to trust the broadbased machinery of the Colombo Plan than SEADO with its links with military aid and the anti-Communist zeal of its members.

A DELHI DIARY

FOREIGN POLICY: TWO BROADSIDES

THIS week has been full of events both far and near. At Bangkok the Ministers of the South-East Asian Defence Organisation have ended three days' talks and appear to have reached what is described diplomatically as 'full agreement'. India is obviously greatly interested in these talks, and on Thursday, an unsought reference to them was made in the Raja Sabha by Pandit Govind Ballabh Pant, the Home Minister. In a fulsome tribute to India's foreign policy, Pandit Pant probably felt he had to reduce the effect of the reverse. The coming of SEADO in its present somewhat strident form is a serious limitation in the acceptance of India's foreign policy in South-East Asia. Although this was not said last Thursday, it was certainly felt. Pandit Pant brought Bangkok into his speech by telepathy!

There was more vocal criticism on another point. Formosa has found two strong advocates this week. Asoka Mehta in the House of the People speaking on the President's address said that he was "unhappy about India's acceptance of China's claims. This surrendered the democratic right of the inhabitants of Formosa to decide their future." On Thursday, this stand was reiterated strongly by Pandit Kunzru who was nearly as strong on this subject as he was on the problem of decorations which he described as bringing about "some kind of demoralisation" among our people. On Formosa Pandit Kunzru asked "why the Government of India should not recognise" this historical fact "which they had accepted in the case of Pondicherry and Goa for their merger with India. As Formosa has not been part of China for 60 years, it was necessary that the people of Formosa should be allowed to decide their future. And thus under cover of the general smoke-screen of approval which covers foreign policy debates in both Houses, there were delivered two very significant broadsides on our Chinese policy!

The House was thin in attendance practically throughout the general debate and it was particularly thin when Mr. Asoka Mehta who deserved a much better audience made his speech on Thursday. It may be that as Mr. Ramnarayan Singh suggested on Tuesday that the best way to deal with the debate on the President's address is to abolish it. Anyone seems to say anything on any subject at almost any time in the debate. It is largely because it has no point that these discussions are heavy on the ear. I go further than the rebellious member and suggest not merely the abolition of a debate on the President's address but the abolition of all general debates of every kind. How much happier it would have been if the debate dealt with economic policy and its Exits and Entrances!

On economic policy there were, indeed, two valuable contributions to the debate. One was Prof. Ranga's pointed reference to the fall in agricultural prices. This problem was dealt with all too summarily in the President's address. The second important point was made by Mr. Asoka Mehta in his speech to the empty benches. He certainly has a point in the criticism that the problems of unused industrial capacity and sluggish employment remain. But my real trouble with the Socialists like Asoka Mehta is that they are quite unable to suggest how these problems should be overcome. Do they desire nationalisation of these undertakings in order to increase employment as well as to utilise untilised capacity? Surely we have a right to know how mere nationalisation of the undertakings will provide a solution.

The more I read of the Socialist Party's prescriptions and, indeed, of "the socialistic pattern of society" of the Congress, which according to Mr. Asoka Mehta means very little in the present economic situation (with which I heartily agree), the more I am reminded of Sir Winston Churchill's devastating shafts directed at Socialism in Britain. Asked who the first Socialist was, Sir Winston Churchill promptly replied "Christopher Columbus". The reasons came equally promptly. Christopher Columbus did not know where he was going; he found something very different from what he was seeking, and (most important of all) he did it all on someone else's money!

T.T.K.

The air has been thick with rumours about the return of T.T.K. after his conversation with the Prime Minister and the missives that have followed it. I am revealing no secret when I say that there has been strong support in the Cabinet in favour of the retention of Mr. Krishnamachari. What I am unable to discern is why this should have been displayed after his departure and not before. Erudite scholars in economics talk about 'ex-ante' and 'ex-post' as descriptions of two types of saying in (advanced) economic theory. Apparently there is an ex-ante and ex-post pattern of thinking in the highest political circles in New Delhi. Personally I prefer the ex-ante kind; why was it in such short supply?

There is no doubt that the chances of T.T.K.'s return to the Cabinet are very high at the time of writing. It is known that T.T.K. is sensitive to every patriotic appeal and while I am not clear as to what policy issue has been settled, I hope sincerely with everyone else to see his vigorous hand back at the Ministry of Industry and Commerce. As Plato's unwilling ruler, he comes back with strength. I hope, however, that it will not need to be exercised. I trust sincerely that his colleagues, particularly the Finance Minister, will show their appreciation of his return by not withholding their high opinion of his abilities until another Cabinet crisis arises. Better still I hope there will be no more Cabinet crises. There have been far too many in recent years.

ARGUS.

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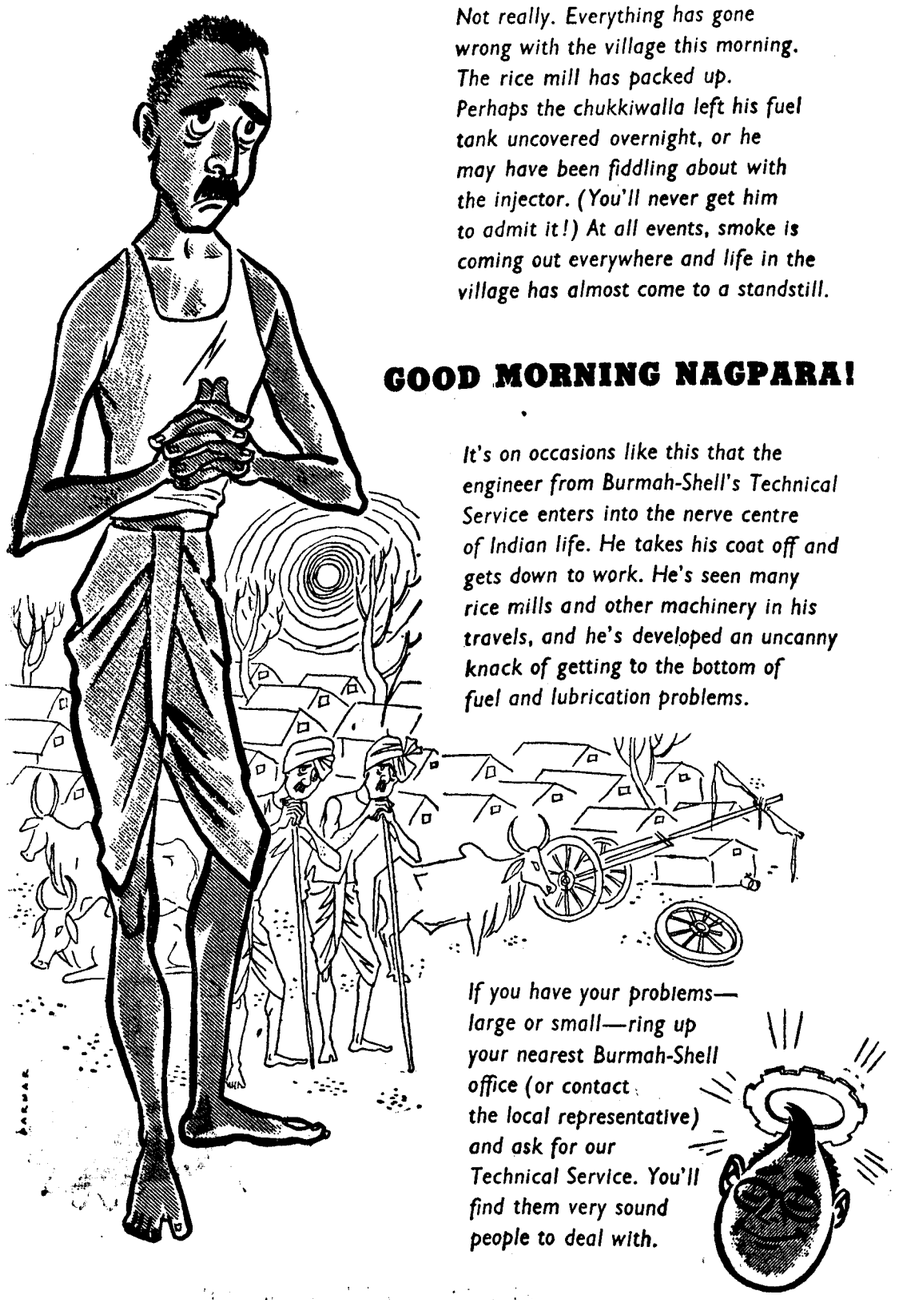
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THE WEEK'S NOTES

THE PRESIDENT'S ADDRESS

The President's address to the opening session of Parliament has made brief and pointed references to the main issus of policy and rounded them up with an exhortation for the pursuit of "a welfare State and a society conforming to the socialist pattern." The Panch Shila was reaffirmed as the right basis of international relations. The meetings of the "Colombo Powers" were described as giving "organised expression to the views and urges of these countries," and the Asian-African Conference as marking the "emergence in the sphere of the world affairs" of the two great continents. After a categorical declaration that on Formosa the People's Republic's claims were justified, the President expressed the hope for the solution of the problem "peacefully and by negotiation." The statements on the banning of nuclear weapons and using atomic energy for peace were on the lines expected. On the home front, importance will attach to the declaration of the intention to devise price supports for certain food grains at specified prices through official purchases. There were references to the nationalisation of the Imperial Bank, the Constitutional Amendment and the second Five-Year Plan.

It has been noticed that the most significant thing about the address is the omission to express any hope about the prospects of improvement in Indo-Pakistan relations. It is difficult to interpret it as intentional, due to the hesitation in accepting the assurances about the desire for a settlement. Since little discussion has taken place, it might have seemed premature to express any hopes on the subject, which have so often been uttered before to be followed by disappointment. The Indo-Ceylon agreement on Indian nationals was not also mentioned. It would be improper to draw any conclusions about the omission of continuing problems like those relating to Pakistan or Goa.

M. FAURE'S COALITION MINISTRY

The French National Assembly's vote for M. Edgar Faure as Premier has been surprisingly overwhelming. Himself a Radical, he has succeeded in finding a coalition which the more brilliant M. Mendes-France could not bring about. M. Pinay, a Conservative, is expected to become Foreign Minister and the chief objective of the Centre-Right coalition will be the final ratification of the Paris Agreements on West German rearmament. M. Faure has promised that the spirit and letter of the Franco-German Saar agreement will be observed and carried out. He said that "in the present circumstances to try to negotiate without power or look for power without negotiation are both attitudes which could produce the worst."

On economic policy which M. Mendes-France had no time to implement, M. Faure has made a number of promises including a 20 per cent increase in industrial production, 7 per cent increase in farmers' incomes and the rejection of all non-economic foreign aid while preserving balance in payments. His home policy includes a fight against alcoholism on which his predecessor was keen even to the point of unpopularity. On the policy towards colonies, M. Faure committed himself to the pursuit of the present policy of reform in Tunisia and Morocco.

The main doubt about the stability of M. Faure's Government arises from the attitude of the Socialists who have remained unenthusiastic. The wage increase promised by the Mendes-France Government in April will be kept. But Socialist spokesmen have expressed dissatisfaction about the vagueness of the promises about linking of salary and wage increases to the increase in the national revenue. The threat to put down violent disturbances by strong action seems a warning intended not only against Communists but also against strikes. Perhaps it would be unnecessary to worry about these matters considering that the French Assembly may not tolerate any Premier long enough to carry out his promises.

FACING ISSUES ON DISARMAMENT

In the private discussions of the five-Power sub-committee of the U.N. Disarmament Commission, opening in London on February 25, the British Government hopes to continue its efforts to reach a satisfactory agreement. The United Kingdom and the other Western Powers will offer to disarm, if the Soviet Union does so too—in conditions in which no country can be dangerous and all countries can feel safe. The Western Powers argue that they have only re-armed since the last war in order to redress the lack of balance created by Soviet military strength. The sub-committee is resuming its discussions of last summer, which failed to produce agreement because the Soviet Government adopted an attitude of negation to the constructive proposals of the Western Powers: these included, notably, the Anglo-French proposals for phased disarmament and the U.S. paper on an international organ of disarmament control. Since then, the disarmament question has been publicly debated in the U.N. General Assembly, and there, although the Soviet Government appeared less inflexible on some points, it became obvious that many fundamental differences between it and the West remained. Accordingly, the Assembly decided that the best thing to do was for the sub-committee to try again in private session.

Recently the Soviet Government announced that it accepted the Anglo-French proposals "as a basis". The British Government is expected to make a special point, in the forthcoming discussions, of trying to find out to what extent this Soviet declaration denotes any real narrowing of differences. In the Anglo-French-U.S. proposals of 1952, for example, the suggested figures of armed forces were one to one-and-a-half million men for the United States, the U.S.S.R., and China; seven to eight hundred thousand for the United Kingdom and France; and, normally, one per cent of the population for the rest. An adequate system of control is needed to reassure all countries that disarmament is being genuinely carried out, particularly as regards weapons of mass destruction. No country can be expected to accept limitations on its military potential which another country could succeed in evading. A phased programme of disarmament is needed so as progressively to create greater security and ensure that no country's vital interests are endangered through any shift in the balance of advantage during the process of disarmaments.

ISSUES ON BROADCASTING POLICY

A private member's resolution on the character of the broadcasting system is expected to provide a fresh opportunity to express dissatisfaction about the departmental management of All India Radio. The Government's assurance given in 1952 that the establishment of an autonomous corporation would be considered has not been honoured. The Minister has had second thoughts and the influence which the control of an important medium of publicity gives has been too tempting to stimulate Government's thoughts towards entrusting it even to an independent corporation on the lines of the B.B.C. Meanwhile, the radio program-

mes are becoming unsatisfactory. The evils of departmental management may not, be seriously noticed in the music and drama programmes except by the highbrows who will always be in a minority. And so long as there are enough stations to cover all the linguistic regions, some of the regional prejudices and pressures which are in evidence in a central broadcasting station like Delhi may not be very much noticed. But in all other matters, the unhealthy features of departmentalism have been clearly visible and the good chit given by the Estimates Committee this week is no answer.

The choice of speakers for the various types of educational and political broadcasts and the emphasis in news services reveal a pronounced departmental slant, and a tendency towards playing for safety even at the risk of putting out ineffective and commonplace broadcasts. In the past, criticism of departmental control has always been countered by the Minister for Broadcasting by citing the abuses of competitive private broadcasting and the ugliness of advertising over the radio broadcasting programmes as if there was no via media. At least on this occasion the case for the resolution before Parliament has to be well argued and Government compelled to address itself to the main question of entrusting broadcasting to an independent statutory corporation and to enunciate its policy on that straight issue. It is easy to discover abuses in private broadcasting systems. But the reputation of the B.B.C. has not been disputed seriously anywhere and there is no reason why a similar organisation should not be able to work here equally well, along with Government subsidies to external services as in the U.K.

CHITTARANJAN'S SECOND CENTURY

The Chittaranjan Locomotive Works has now served a second century in output, barely a year after the 100th locomotive steamed out early in January 1954. The annual production has now increased to 120 standard or average sized locomotives and the present target of expansion of output is 200. In terms of the huge W. G. locomotives for which the factory has orders, the output appears smaller, eight W.G.'s being regarded as equivalent to 10 average-sized. It has also been stated that the cost of production has now declined to an average of about Rs. 5.2 lakhs—which is considered as comparing favourably with the landed cost of imported locomotives. On this question of costs, however, no precise comparisons will be possible with other units producing under private management. It would be essential to know what are the elements which enter into the calculation of costs. The assembly plant has made efforts to utilise substantial percentages of indigenous materials. At the same time an experiment is also being made with a one-piece frame imported from the U.S.A.

Initial handicaps in the matter of trained workers have been got over and the training schemes at Chittaranjan appear to have proved successful in inducing confidence among workers in using new tools and techniques. These costs of training and the township with all its amenities costing nearly seven crores of rupees must be counted among the intangible benefits of the workshop. It is a clean and smokeless township which should, along with better productivity studies, help progressively to lower costs. Just as it has proved that the average Indian worker has the right attitude to work and can assimilate new skills, it must be able to show in time that the methods of organising production will follow sound business principles.

A DIPLOMATIC EXERCISE

Delegates of seven Connecticut colleges are reported to have agreed that United States foreign policy towards India should continue to support a "strong, stable and friendly government such as is presently in power" and should "implement economic policies that will give the Indian people continuing and increasing faith in the democratic way of life." The conference on India and American policy toward that country was sponsored by the Hartford Chapter of the Foreign Policy Association, in the University of Connecticut campus. The Indian Ambassador, Mr. G. L. Mehta, traced the achievements and problems of India since it acquired its independence seven a half years ago. Mr. Mehta cautioned his audience that individuals such as himself and Indian students in this country, "sophisticated and Westernized", should not be considered typical of his countrymen. Nonetheless, he emphasized that the representative Indian has as much love of independence as any of his fellows who have been exposed to the Western way of life. Mr. Mehta also stressed that leadership in India today believes in the same democratic principles as those embodied in the United States Constitution and described the government in India as evolutionary socialism "with the free will of the people." He added, however, that there is no plan in India today either for nationalized collectivism or confiscation, and that the "government will do only what private enterprise cannot do."

Foreign aid, Mr. Mehta said, has been invaluable, but India's power of absorption of this aid must be considered to determine its effectiveness. Money merely spent is wasted, he said, and explained that India's leaders try ways to use foreign assistance to penetrate India's own sources.

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WORLDGRAM

AGRICULTURE

Price of Raw Rubber Increased in India: The Government of India have decided that the price of raw rubber, last fixed in October 1952, should be raised with immediate effect on the basis that the price of Group I rubber for 100 lbs. f.o.b. Cochin will be Rs. 150 in place of Rs. 138 with suitable adjustments for other grades. This decision partly follows an increase in the cost of production and partly aims as enabling producers to put by adequate funds for the replanting of rubber which has to be undertaken on a considerable scale and for new plantings, if necessary. A scheme for assisting growers in the matter of replanting and new planting is under consideration by Government.

TRADE

Indian Export Policy for Oilcakes: The export policy for groundnut oilcakes and de-oiled groundnut meal has already been announced. It has further been decided to permit the export of the following varieties of oilcakes outside India for shipment up to the end of April 1955: Cottonseed oilcake, decorticated and undecorticated 10,000 tons; Linseed oilcake 5,000 tons; Kardiseed oilcake and Nigerseed oilcake 5,000 tons; and oilcakes other than tobacco seed oilcake and copra oilcake 5,000 tons. The Government have also imposed an export duty of Rs. 100 per ton on decorticated cottonseed oilcake and Rs. 50 per ton on all other oilcakes, including undecorticated cottonseed oilcake and excluding groundnut, copra, mowha, tobacco seed and neemseed oilcakes. No export duty will be charged on mowha, tobacco seed and neemseed oilcakes. The export of mowha and neemseed oilcake is not controlled whilst exports of copra oilcake are not allowed. Export of tobacco seed oilcake is being licensed freely within ceilings from Bombay, Calcutta and Madras ports.

INDUSTRY

Record Indian Coal Production in 1954: The total production of coal in India during 1954 totalled 36,773,605 tons as against 35,846,898 tons in 1953. The despatches of coal from collieries amounted to 31,943,972 tons as compared with 30,657,719 tons despatched in the previous year. The 1954, production thus exceeded the 1952 record production total at 36,222,531 tons. Coal despatches during 1954 were also higher than the despatches in 1952, which totalled 31,093,387 tons.

*

Protection to Automobile Hand Tyre Inflator Industry: The Government of India have agreed with the main recommendation of the Tariff Commission that a protective duty of 45 per cent 'ad valorem' should be levied on hand-operated tyre inflators with connections adapted for use as accessories of motor vehicles. The Commission has recommended that the protective duty should be in force till the end of 1957. The Government also propose to examine further the other recommendations made by the Commission for affording additional assistance to the industry.

*

Indian Telephone Cable Factory to Use Indigenous Lead: The Hindustan Cable Factory, which went into production in September 1954, will shortly start using indigenous antimonial lead, one of the principal raw materials of the telephone cable. Strict specifications are laid down for this material which is used in cable sheathing. Hitherto Indian products had failed to come up to specifications. The Hindustan Cable Factory, situated in the industrial belt of the Damodar Valley at Rupnarainpur, near Chittaranjan, is designed to produce about 500 miles of telephone cables on a single shift operation.

*

Labour Conditions in Indian Cement Industry: It is estimated that on January 1, 1953, there were 38,917 persons employed in 22 cement factories. Nearly 69 per cent of the number were employed directly and the remainder through contractors. Male workers constituted about 80 per cent of the total. Of the 24 cement factories in India in 1947 with a production capacity of 2,825,000 tons per annum, only 19 units with a production capacity of 2,145,000 tons remained in the Indian Union after Partition. The annual earnings of workers during 1951-53 recorded a steady rise. The minimum basic wage of the workers varied from Rs. 14-10 per month in Andhra to Rs. 40 per month in Travancore-Cochin with dearness allowance being paid in all the cement factories, on varying rates. Provident fund schemes exist in all the factories surveyed. Out of 22 units, in respect of which information is avaliable, 16 had schemes of gratuity.

*

Development Councils for Electrical Industries: The Government of India have set up development councils for the heavy and light electrical industries, under the Industries (Development and Regulation) Act 1951, to recommend targets of production, co-ordinate production programmes and review progress from time to time. The councils are expected to help eliminate waste, improve quality and reduce costs. Measures for better utilisation of capacity, standardisation and marketing, better and safer working conditions, increasing productivity and increased amenities are also to be suggested. The council for light industries will deal with telephones, telegraph and wireless apparatus, electric lamps and fans, dry and storage batteries, radio receivers and house service meters and panel instruments. The council for heavy industries will look after electric motors, and machinery and equipment for the generation, transmission and distribution of electric energy.

*

Hindustan Shipyard to Employ Latest Techniques: The Government of India have decided to incorporate the latest techniques at the Vizag Hindustan Shipyard and to construct altogether new types of vessels. This programme follows the recommendations of the report submitted by the Managing Director, Mr. R. L. Gupta, after a study tour of shipping centres in Europe. The expansion of Vizag is expected to be completed by 1956 in order to cope with intensive ship-building plans, and is expected to cost Rs. 196 lakhs. A fourth berth, an extended workshop, a prefabricated bay, a new 45-ton crane, and a Rs. 2-crore dry-dock are expected to be added to the yards.

*

Heavy Electrical Equipment Factory in India: The Government of India have decided to set up a heavy electrical equipment plant at an estimated cost of Rs. 20 crores in the public sector. The location of the plant and other details of the project are being worked out. The expert committee appointed by the Government has recommended that existing units be permitted to continue manufacture of the present types and sizes of light electrical equipment and to expand capacity in such lines if they so desire. The proposed factory is expected to produce transformers of 33 KV and above, hydraulic turbines and generators, generators for diesel sets and tractor motors for railways.

Two firms—Siemens and Associated Electrical Industries—are reported to have submitted preliminary reports in connection with the project.

*

Atomic Power Stations in U.K.: A 10-year £300 million electricity production programme was announced recently in Britain. A White Paper discloses plans for 12 atomic power stations. The first of these power stations is expected to begin operation by 1960-61. The plants will have a total capacity of between 1.5 to 2 million kilowatts by 1965. In 20 years a capacity of 10 to 15 million kilowatts is predicted, which is equivalent to some 40 million tons of coal.

MISCELLANEOUS

Some 69.8 Per Cent Agriculturists in India: Out of the total Indian population of 3,566 lakhs, 2,491 lakhs or 69.8 per cent belong to the agricultural classes of which 710 lakhs or 28.5 per cent are self-supporting persons, 1,470 lakhs or 59.0 per cent are non-earning dependants, and 311 lakhs or 12.5 per cent are earning dependants. The non-agricultural population comprises 1,075 lakhs, of these 333 lakhs, or 31.0 per cent are self-supporting persons, 673 lakhs or 62.6 per cent are non-earning dependants, and 69 lakhs or 6.4 per cent are earning dependants. Of the agricultural classes only 414 lakhs or 16.6 per cent have a secondary occupation, and even the seconday occupation is agricultural in the case of 11.7 per cent and non-agricultural only in the case of 4.9 per cent persons. Among people with non-agricultural principal means of livelihood, only 9.8 per cent have a secondary means of livelihood, the secondary means being agricultural in 4.3 per cent of the cases.

*

Non-Agricultural Occupations in India: The number of self-supporting persons engaged in non-agricultural occupations in India is classified according to the prescribed industrial divisions and sub-divisions, which are further classified according to economic status into (e) employers, (ii) employees, and (iii) independent workers. The total number of self-supporting persons in all industries and services in India is 324 lakhs—280 lakh males, and 44 lakh females—of which 11 lakhs are employers, 148 lakhs employees, and 165 lakhs independent workers. The distribution of the self-supporting persons among the ten industrial divisions is as follows: Primary industries not elsewhere specified 24 lakhs, or 7.4 per cent; mining and quarrying 6 lakhs, or 1.8 per cent; processing and manufacture, foodstuffs, textiles, leather and products thereof 55 lakhs or 17.0 per cent; processing and manufacture, metals, chemicals and products thereof 12 lakhs or 3.8 per cent; processing and manufacture not elsewhere specified 24 lakhs or 7.5 per cent; construction and utilities 16 lakhs or 4.9 per cent; commerce 59 lakhs or 18.2 per cent; transport, storage and communications 19 lakhs or 5.9 per cent; health, education and public administration 33 lakhs or 10.2 per cent; and services not elsewhere specified 76 lakhs or 23.3 per cent.

*

TWA Begins Tenth Year of World Air Service: This week TWA begins its tenth year of international air service with its officials predicting that 1955 will see new records established in the volume of world air travel. Traffic has increased six fold since TWA's international service began in February 1946. The first regular TWA passenger flight to reach India, landed in Bombay on January 5, 1947. During 1954, TWA carried 201,000 passengers on its international services. TWA's thirtieth anniversary, marking completion of 30 years service in America, is being celebrated this year. The total passenger load carried by TWA's international services since 1946 is estimated at 3,117,149,000 passenger-miles. During the peak tourist season this summer, TWA's big Constellations are expected to span the Atlantic ocean 92 times each week.

*

Low Incidence of Crime in India: An analysis, prepared by the General Secretariat of the International Criminal Police Commission, and presented to the 23rd Session of the General Assembly of the Commission reveals that during 1952, India had only 165 cases of cognizable crime per 100,000 of population. Other countries in the order of least criminality are: Turkey 246, Italy 408, the USA 1322, the U.K. 1342, France 1484, Japan 1605 and West Germany 2992. In the category of "serious theft" India's figure of 46 was the lowest in the world. The corresponding figure for France is 65, for Italy 178, for the UK 259, for West Germany 268 and for the USA 325. Under the head "simple theft" as well, India's figure of 69 is the lowest. Figures for other countries are: Italy 126, France 366, the UK 911, West Germany 935 and the USA 985. The figure for "wilful murder" in India is 2.9 per 100,000 of population, which is better than all countries, except the U.K.'s figure of 0.8 and West Germany's 2.0.

*

Indian Representative for Bank of America: The Bank of America (established in 1904) with correspondents, branches and representatives in over 300 cities around the world recently extended its activities, for the purpose of helping Indian business men, shippers, importers, and exporters to develop their business abroad, by appointing Mr. M. R. Ahuja, as their representative in India. The wide knowledge of trade and commerce in foreign countries of Mr. Ahuja should be of considerable benefit to Indian business men and industrialists wishing to do business outside India with the services and facilities extended by the Bank of America.

*

Women Employed in Indian Economy: Of a total labour population of 109,016,995 in rural India, some 31,184,479 are women. Women labourers are mostly employed in plantations and number 532,406. The next largest means of employment is provided by public works, including the river valley projects which absorb 458,936. Women factory workers number 342,148. Mining operations account for 96,506 whilst the municipalities employ 28,269. Bihar claims the largest number of self-supporting women in agricultural occupations with 3,197,549, though Madhya Pradesh has the highest percentage of women agricultural workers in India. The Punjab has the minimum in this category with 204.436. The maximum number of women workers, however, is to be found in the U.P. with 26,839,316 whilst the Punjab has the least, with 4,879,391.

*

World Hotel Convention in New Delhi: Some 50 delegates arrived recently in New Delhi to attend the Convention of the International Hotel Association which began on February 18. They were received by representatives of the Federation of Indian Hotels and Restaurants and other Indian observers and delegates to the Convention. The International Hotel Federation is an advisory body to the UNO in respect of tourist trade and progress of the hotel industry in the world.

*

British Locomotives for World's Railways: During the last five years Britain has exported some 405 locomotives to India, 468 to Africa, 395 to Australia and 356 to other parts of the world. Since the end of World War II, the value of locomotives and component parts from U.K. is estimated at £100 million. Orders placed for Diesel locomotives include 30 for Brazil, 25 for Ceylon, 94 for Ireland and 75 for the Netherlands.

NEWS IN BRIEF

INDIAN

The British Foreign Secretary, Sir Anthony Eden, is expected to arrive in New Delhi on March 2, after attending the Bangkok Conference. He is scheduled to leave New Delhi for Baghdad on March 4 and reach London on March 6.

*

The Government of India are reported to be likely to approach the World Bank for a loan of about Rs. 11 crores for the Koyna Project. This amount represents the estimated foreign exchange requirements of the Rs. 33-crore scheme.

*

A fresh survey of the Indus Basin will be undertaken during March 1955, by a team of World Bank experts, who will be assisted by Indian and Pakistani engineers. The team is coming in connection with the two-year old canal waters dispute.

*

Though Hali Sicca coins will cease to be legal tender in Hyderabad State after March 31, 1955 under the Hyderabad Coinage and Paper Currency (Miscellaneous Provisions) Act 1953, facilities for conversion are being offered for a further period of one year.

*

The Government of India have decided to send 15 Indian farmers to Australia under the Colombo Plan for six months' practical training in dry farming, animal husbandry, sheep management, dairy farming, irrigation and fruit growing.

*

An Indian team of 30 technical officers and other staff left recently for Kuwait to assist in field operations against desert locust in the Arabian peninsula during this winter-spring. The team is carrying its own equipment.

*

An Indian milk delegation reached Sydney, Australia, on February 16, on a two-month study tour of Australia and New Zealand. The delegation will visit different organisations in these two countries to study current developments in the dairy industry.

*

It is reported by the Press Information Bureau that during 1954, cloth production by mills, which had already exceeded the first Five-Year Plan target during 1953, increased by approximately 70 million yards.

*

The total number of electric fans manufactured in India during 1954 stood at 2,32,059 as against 1,99,468 in the previous year. The production of cement also increased from 37,80,324 tons in 1953 to 43,57,045 tons during 1954.

*

The Government of India have decided to release about 1.25 lakh tons of sugar for free sale from factories all over the country. This brings the total release made so far to 50 per cent of the total production of sugar up to February 15, 1955.

*

The Government of India are reported to have decided to allow the import of metal frames and fittings for leather goods by established shippers.

FOREIGN

Industrial investments in Sweden during 1954 are estimated at Kr. 2,488 million—10 per cent more than in 1953—with most of the increase related to machinery. Total sales value of industrial production in 1954 increased by 5 per cent to Kr. 34,047 million.

*

The Utrecht Spring Fair—the 64th general event of the Utrecht International Trade Fair—will be organised between March 22 and 31, 1955. The participants include the U.K., Canada, Belgium, Luxembourg, Austria, U.S.S.R., Czechoslovakia and Switzerland.

*

According to the Australian Institute of Public Affairs, the profit margins of leading public companies are lower than those of their U.S. counterparts. Only one-fourth of profits have been reinvested in modernisation and development. Primary production rose by 10 per cent, yet aggregate company profits in real purchasing power decreased by over 20 per cent.

*

The 10th International Printing Machinery and Allied Trades Exhibition will be held at Olympia, London, from June 28 to July 9, 1955. The exhibits will enable visitors to study modern printing machinery and the appropriate field of instrumentation.

*

During the first eleven months of 1954, Israel's trade deficit was $19.6 million less than in the corresponding period of 1953. Exports during the period amounted to $79.5 ($53.2) million and imports to $264.3 ($257.3) million.

*

The services of Mr. Stanley H. H. Hildersley, a Senior Principal Inspector of Taxes in the U.K. Board of Inland Revenue, have been made available to Pakistan under the Technical Co-operation Scheme of the Colombo Plan.

*

In accordance with a resolution of the U.N. General Assembly in December 1954, the first U.N. Congress on the Prevention of Crime and the Treatment of Offenders will be held at Geneva from August 22 to September 3, 1955.

*

The U.S. Foreign Operations Administration Chief, Mr. Harold Stassen, is expected to visit India, Pakistan, Ceylon and the Far East shortly to confer with officials of these countries regarding U.S. aid programmes.

*

Overseas visitors to Britain during 1954 at 900,000 were some 10 per cent more than in the previous year. Of the total, 202,850 were from the U.S.A., 457,000 from Europe and 186,000 from the Commonwealth.

*

According to the Pakistan Central Statistical Office in Karachi the per capita national income in Pakistan during the year 1952-53 is estimated at Rs. 233.

*

A British team of steel experts is expected to visit India in April to prepare a preliminary project report for the third State-owned steel plant in India. The U.K. Government is reported to be willing to guarantee the credit offered by a British firm.



1916: Goodyear supplied the longest Conveyor Belt for a 735 feet centres conveyor at Zenith Furnace Co.

1920: Goodyear made first vulcanised splice with steam vulcanizer.

1924: Goodyear developed Electric Vulcanizer, eliminating mechanical splice.

1925: Splice Vulcanization enabled Goodyear install the world's longest belt 2,434 feet centres at H. C. Frick Coke Co.

1938: Goodyear supplied the world's longest belt installed at Grand Coulee Dam with 4,745 feet centres.

1940: Goodyear installed belts for world's longest over-land conveyor system at Shasta Dam; Conveyor length 9.6 miles.

1948: Goodyear supplied second longest over-land conveyor system at Bull Shoals Dam. Conveyor length approximately seven miles

1949: Goodyear installed world's longest single flight Conveyor Belt of steel cable construction, total length of conveyor 10,960 feet centre to centre at Weirton Coal Company's Mine, West Virginia.

1950: Goodyear installed world's highest single flight lift belt for Chicago-Wilmingdon & Franklin Mine — total lift 868 feet.

1954: Goodyear developed and installed first Speedwalk belt at Hudson & Manhattan Railroads, Eire in Jersy City to unload and load 10,800 people per hour commuting to and from the city.

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A Window On The World

INDO-AMERICAN OBJECTIVES

BY

ODYSSEUS

IN THE PAST six weeks we have traced two great dramas which reached their climax in 1954: (1) the crisis between the Viet-Minh and the Viet-Nam which found a temporary solution in the Geneva conference, and (2) the crisis over German re-armament which was solved by the Western European Pacts. Although at first glance these two crises seem to have arisen out of disconnected events thousands of miles apart in Asia and in Europe, we have seen that they were in fact closely connected. They arose because of the worldwide conflict that exists between the Communist powers led by the U.S.S.R. and China and the free world, led by the U.S.A. and the Commonwealth.

If in this series of articles I have had occasion to criticise American statesmanship, I want it to be clearly understood that nothing that I have said is to be taken as implying that I think that any country in the free world—free world—I repeat: any country in the free world—can continue to work out its destiny towards prosperity in peace without the ultimate protection of America's armed forces. I have taken leave to register my frequent disagreement with American diplomatic methods in 1951-54, precisely because I recognise that America's objectives are identical with those of India and the Commonwealth. The very strength of my condemnation of Mr. Dulles' "shot-gun diplomacy" must be taken as the measure of my anxiety that the free world should not break up through internecine quarrels over methods and tactics when we are all in fundamental agreement over ideals, aims, and principles.

What India, the Commonwealth, the U.S.A., and the rest of the free world have in common, on the one hand, and what, on the other, divides them from the Communist countries, can be grasped by considering the term "peaceful co-existence". The whole world subscribes to this, but the interpretations put upon it reveal at once the differing ideals of the free countries and of the Communist countries. As I demonstrated by quotations from official Communist publications in a series of articles entitled "The Truth About Communism" published here between September 24 and October 22 last, Communism, with headquarters in Moscow, is a world movement whose proclaimed objective is the establishment of its totalitarian, enslaving type of political and economic control by the promotion of revolution in all countries. To the Communist, peaceful co-existence means, therefore, the temporary relinquishment of war or violence when expediency suggests that revolutionary aims can be better promoted by an appearance of peace.

IMPERIALISM IN THE TWENTIETH CENTURY

To the countries of the free world, on the other hand, peaceful co-existence means concentration on cultivating one's own garden, getting on with the job of creating material and spiritual conditions in which the individual citizen can enjoy a better life, and letting other people in other countries solve their own problems in their own ways.

Admittedly this has not always been the democratic ideal: the nineteenth century saw democratic countries engaging in imperialist exploitation. We are, however, not living in 1855 but in 1955. The French Empire is hopelessly on the defensive; the British Empire is hastening the voluntary process of conscious unscrambling, by the steady creation of new relationships between Britain and her few remaining colonies.

But, asks the belligerent looking gentleman at the back of the class, what about the new U.S. dollar imperialism?

I do not dispute that the relationship between one country which is weak and another which is much stronger is liable to contain elements of inequality. That is one of the hazards of life, whether you are an individual worker bargaining over the price of your labour, or an employer confronted with a strike threat, or a country dependent on the bargain that it can strike with another when exchanging industrial exports for food imports. In all these, and other, unavoidable relationships between unequals, you have what the economist calls "differing terms of trade", and the weaker often has to put up with terms that it finds irksome. No philosopher, statesman, or economist, however, has yet expounded a workable scheme for ending all inequalities—internal and national, or external and international. But to describe the relationships, existing or potential, between the U.S.A. and less powerful countries, as "imperialist exploitation" is to rob the words of their meaning. This is because, in the ultimate analysis, America's ability to influence another country depends as much on her gifts of persuasion and leadership as on her material power. In the relationships of the free world based on democratic ideals, there is leeway for discussion, argument, and self-respect. This is not true of the relationship between the U.S.S.R. and its satellites. Poland and Czechoslovakia are in no position to argue with the Kremlin. They do what they are told.

On the other hand, this series of articles has, I hope, factually shown that whereas U.S. material power was never higher than between 1951-54, its prestige and influence over the free world sank during those years. This was because American diplomacy, largely under the compulsion of internal politics—struggles between Republicans and Democrats, between moderate and extremist pressure groups—had adopted a bullying attitude. The free world—being free—resented this and refused to knuckle under. The leadership of the free world passed in part to Britain under Anthony Eden's experienced and resourceful diplomacy, and in part to India where Pandit Nehru showed himself capable of imaginative experiments in the cause of international peace.

The story told in this column since January 14 has not been one of increasing U.S. domination, but of what now seems to be proving itself a successful Commonwealth rebellion against the arbitrariness of American methods, which has led President Eisenhower to a re-appraisal of U.S. policy, not away from his allies but closer towards them. I cannot, however, emphasize strongly enough that this rebellion has been over tactics and methods—not over objectives.

INDIA AND THE MONROE DOCTRINE

In our righteous refusal to be brow-beaten by the General MacArthurs, the Senators McCarthys, Brickers,

and Knowlands, we should never allow ourselves to lose sight of the fact that their country is on our side, that the U.S.A. is not our enemy but our friend, and that our policy of refusing to join up with either power bloc works because we enjoy the support of American power.

There is perhaps a parallel between the positions of the U.S.A. in the nineteenth century and of India today. In the nineteenth century, George Canning, the British Foreign Secretary, did not wish Spain to bolster up her imperial power by reconquering her South American colonies that were throwing off the yoke of their motherland. He suggested a joint declaration with President Monroe proclaiming what we should today call the neutralisation of North and South America. But for internal political reasons, Monroe did not wish to associate himself with the British Foreign Secretary and he enunciated the Monroe doctrine—that the U.S.A. would not tolerate the interference of certain European powers in the affairs of North and South America—as a unilateral declaration. Canning did not mind. He was too old a hand in diplomacy to struggle for the shadow when he held the substance; for the reality was that he alone, by means of the British fleet, had the power to scare off any European nation which might wish to launch out on American adventures. Preoccupied with the tremendous challenge of opening up their own vast continent, the Americans concentrated on their own affairs. Unconcious of the discreet and unflaunted protection of the British fleet, American Congressmen began to scorn the wicked Europeans and to pass moral resolutions about what should be done in far-off Hungary, Poland, and Ireland. The world seemed safe and easy if the Europeans would only live peacefully and create wealth, just as if they too were, like the Americans, living protected by vast oceans patrolled by the British fleet.

We are in no position to smile patronisingly at these nineteenth century Americans. At the present time, the foreign policies of the U.S.S.R. and of China are conditioned by the certainty that if they were to interfere in the affairs of India or Pakistan, America and the Commonwealth would, without hesitation, send their powerful fleets, air forces, and armies, to defend us. The Indian and Pakistan armies are first-class fighting machines, with exceptionally fine traditions, but in numbers they are negligible beside the 10,000,000 men that China keeps under arms, and confronted with Soviet armour and equipment on land and in the air, they would be in sorry plight.

This does not mean that I reject India's neutralist policy. I admit that I have in the past been critical of it in this column, but the role that this policy has enabled India to play in helping to secure and to maintain an armistice in Korea and in Indo-China. has led me to modify my former views. By cultivating a channel of communication between China and the free world, India has contributed something towards moderating the policies both of China and of the U.S.A. As long as China is boycotted by the U.N.O. and the free world, she must remain suspicious and, above all, dangerously uninformed of the realities that govern the policies of the democracies. Pandit Nehru has rendered a service to peace by co-operating with Sir Anthony Eden in bringing China into contact with the outside world. But it is worth simultaneously remembering that the amount of attention that China is likely to pay to India's advice depends on the extent to which China estimates that, in the ultimate analysis, if she gets tough with India, there'll be the devil to pay with America and the Commonwealth. In our quarrel over tactics, the fundamental unity of Indo-American objectives is too often forgotten, both in India and in the United States.

THE PRINCIPLES OF FOREIGN POLICY

As several readers have challenged the assumptions implied in the arguments in this History of Our Own Times, next week I start a new series examining the principles on which any foreign policy must be conducted. Today's article concludes the series that began with "One World" on January 14 and included "Freedom's Stresses and Strains" (21-1-55), "Indo-Chinese Retrospect" (28-1-55), "Eisenhower Sees the Point" (4-2-55), "What is 'Western European Union'?" (11-2-55), and "A Study in Diplomatic Leadership" (18-2-55).

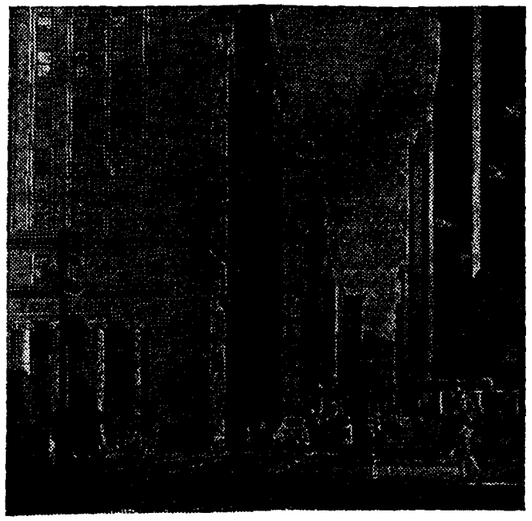
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RESOURCES

Cash and Due from Banks	$ 1,456,524,519.87
United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,393.36
Other Loans and Discounts	2,812,730,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	278,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,385,289.49

LIABILITIES

Capital	$ 160,000,000.00	
Surplus	260,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,485,800.10	
TOTAL CAPITAL FUNDS		$ 466,594,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$ 4,192,360,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	$ 8,270,634,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		278,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,385,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES

Cash and Due from Banks	$ 75,000,000.00
United States Government Obligations, direct and fully guaranteed	59,286,494.20
Other Securities	42,594.00
Loans and Discounts	34,000,000.00
Accrued Interest	334,194.79
Customers' liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,630,140.00
Other Resources	992,641.00
TOTAL RESOURCES	$188,486,334.99

LIABILITIES

Capital	$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	975,000.00
TOTAL CAPITAL FUNDS	$ 13,975,000.00
Reserve for Possible Loan Losses	800,000.00
Deposits	156,000,334.32
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills and Notes	45,630,140.00
Reserve for Interest Received in Advance	330,000.00
Reserve for Interest, Taxes, etc.	751,860.67
TOTAL LIABILITIES	$188,486,334.99

COMBINED RESOURCES OVER $9,300,000,000

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BOOK REVIEWS

"COMMERCE" ANNUAL

"Commerce" 1954 Annual Review Number: Royal Insurance Building, Veer Nariman Road, Bombay: Rs. 7-8.

This voluminous publication, as usual, contains a number of special articles from noted economists and industrialists, as well as comprehensive reviews of developments in various fields such as banking and insurance, trade, iron and steel, sugar, jute, cotton textiles and planting.

Mr. T. T. Krishnamachari gives a lucid exposition of the Government's policy towards foreign capital in India. He refers to the wide divergence of opinion, on the subject, among politicians and industrialists for "totally different" reasons, and reiterates the official view that foreign capital is welcome "in selected fields where it is likely to be of maximum benefit to the economy of the country," and affirms that Government is against unregulated expansion of existing foreign influence in our economic and trading sectors. At the same time, he says, the door is not banged against its entry, but warns that "foreign capital is not waiting at our door-step."

Dr. Punjabrao Deshmukh discussess the various rural programmes and land reforms taken up by Government for the development of agriculture in terms of the First Five-Year Plan. After referring to the Plan targets having been exceeded in certain crops, he points that, even though "great importance will have to be given to industrial development under the Second Five-Year Plan, the emphasis on agriculture will still have to continue."

Other contributions include one on the National Extension Service by Mr. V. T. Krishnamachari, and on G.A.T.T. by Mr. G. O. Hoskins and Dr. B.N. Ganguli.

"CAPITAL" ANNUAL REVIEW (1954)

Besides the usual reviews of major Indian industries during 1954, this annual number contains several thought-provoking articles on problems of current economic interest to our country. Prof. W. Arthur Lewis of the Manchester University, assessing India's economic prospects for 1980, considers that it should be possible to double the country's real national income by that year, "provided the country can find the courage to tax or inflate to the necessary degree", obtain the maximum foreign aid needed and develop, in a considerable measure, the export manufactures.

The issue of national income has also been discussed, from a different angle, by Dr. V. K. R. V. Rao who, after analysing the available data in respect of national income between 1931-32 and 1950-51, comes to the conclusion that attempts made during this period to industrialise the country and increase its agricultural output have made little impact, in terms of their effect, on the average levels of living in this country.

Other contributors include Prof. C. N. Vakil who discusses Indian industry's installed capacity and present production levels, and Mr. S. K. Dey, I.C.S., who pleads for re-thinking on the respective roles of small and large-scale enterprises.

INDIAN ECONOMIC PROBLEMS

Studies in Indian Economic Problems: By Nabagopal Das: A. Mukherjee & Co., Ltd., 2, College Square, Calcutta-12: Price Rs. 3.

The publication under review is a compilation of 18 essays, by Dr. N. Das, I.C.S., at present serving with the West Bengal Government, and who has been writing frequently on industrial, financial and labour problems. Dr. Das has made a study of the Five-Year Plan, particularly from the standpoints of production and employment. Although he admits that production targets have been reached and even exceeded in certain spheres such as food, he does not feel too optimistic about the estimate of additional employment made available through the expansion of economic activity. For the Second Plan period he rightly stresses the need for focussing attention on "physical" planning by assessing the material and human resources and the physical possibilities of utilising them. The book provides food for thought to those who are working on the targets and programmes for the Second Plan.

Dr. Das is well known for the two pamphlets he has written for 'The Eastern Economist', entitled 'Men Without Work' and 'Industrial Labour in India.'

A STUDY OF DOCUMENTARY CREDIT

Documentary Credit: By D. Freeman: A Canara Bank Publication: Bombay: Warden House, Sir P. M. Road: Price Rs. 5/-.

With the all-round increase in agricultural and industrial production that has been taking place in the country, thanks to the additional stimulus of the Five-Year Plan, the foreign trade of the country is bound to expand greatly in the next few years. In order to handle this increasing volume of foreign trade, business houses need a trained staff that is thoroughly conversant with all aspects of foreign trade and exchange control procedure. A study of the book under review, which has already gone into two editions in the brief interval of a year, makes it possible to get a clear idea of the different procedures involved in handling documents. By publishing this book Mr. Freeman, who is an authority on the subject, has indeed done a service to Indian business houses, students of foreign exchange, and Indian banks, some of which have only recently entered the field of foreign exchange business. The publication, divided into convenient sections, clearly explains, in a concise manner, all the intricacies of foreign trade and exchange control procedure. Written in simple language, it enables the reader to have quick and easy grasp of an otherwise complicated subject, and should be specially valuable to students of foreign exchange, in particular to those who are studying for different Institute of Bankers' examinations. Business houses and bank staff too will find a wealth of useful information in the pages of this handy publication. "Documentary Credit" has been divided into convenient sections and serves as a practical guide to all those who are interested in the export-import business and exchange control procedure.

SPECIAL ARTICLES:

RAILWAY FINANCES—1951-52 TO 1960-61

THE Indian Railways with a capital at charge of Rs. 961 crores at present are unquestionably the biggest nationalised undertaking in the country. It is usually assumed that this undertaking is operated not merely as a public utility concern but also as a commercial concern, bringing fruitful revenues to the Central Exchequer. This assumption is not warranted by the actual trends in the course of railway earnings particularly after Independence. The dividend which the railways pay under the prevailing financial convention to the general revenues has been fixed at 4 per cent and on its basis the railways are supposed to contribute to the exchequer an amount approaching Rs. 34 crores per year. During the period of the present convention starting in April 1949 the net contribution of the railways to the general revenues, after deducting payment of interest charges and other liabilities, has not exceeded an annual average of Rs. 7 crores. Contribution of this order cannot but be regarded as a small return on a capital investment of over Rs. 900 crores at book value and about Rs. 2000 crores at replacement value. Again, earnings have been behind schedule. During the first Five-Year Plan, out of the aggregate development outlay of Rs. 400 crores the railways were expected to make a contribution of at least Rs. 320 crores. This outlay was intended primarily for rehabilitation and a minor dose of expansion. The actual contribution of the railways will be Rs. 266 crores which means that a shortfall of Rs. 54 crores will be borne by the Central Exchequer.

The crucial question raised by the second Five-Year Plan is: Will the contemplated outlay of Rs. 800 crores enable the the railways to make a higher contribution to the Central Exchequer at a time when a spectacular burden is being borne by it for financing the Railway Second Five-Year Plan? The answer can be as direct as the question. Far from making any net contribution to the Central Revenues, Indian railways with their expanded capital base will not even be able to pay their dues under the convention unless fares are raised. In broad terms, the net revenue of the railways in 1960-61 with a capital-at-charge of Rs. 1,500 crores (after making due allowance for annual depreciation) will be about Rs. 42 crores. This will fall short of the payment of the dividend of 4 per cent by an amount of Rs. 18 crores. In addition to this fact it needs to be borne in mind that the ultimate financial results would show that no surplus would be available for appropriation to the Revenue Reserve Fund and the Development Fund.

In the following table the trends in the major components of railway finances have been projected for the second Five-Year Plan and figures of actual accounts or Budget Estimates have been given for comparison in respect of the period of the current Plan. The assumption on which the capital-at-charge has been calculated is the provisional target of an outlay of Rs. 800 crores on railway development which has been fixed by the Railway Ministry. The basis of the estimates of the progressive increases in the revenues from freight traffic is the same as in the case of the trends in the volume of goods traffic as explained in the article that follows. An increase of at least 50 per cent in goods earnings in 1960-61 on the basis of the proposed readjusted rates announced by the Railway Minister in his Budget Speech has been assumed. An increase of 25 per cent in earnings from passenger traffic and other miscellaneous sources of revenue has been assumed. Working expenses will not move up pro rata inasmuch as the expanded traffic will not require a proportionate expansion in physical resources. Nevertheless the increase in working expenses has been put at a liberal level of 45 per cent above the current ratio.

Major Components of Railway Finances

(In crores of rupees)

	1951-52 (Actuals)	1953-54 (Actuals)	1955-56 (Budget)	1960-61
Capital at Charge	862.0	870.0	960.0	1500.0
Passenger Earnings	110.0	100.0	106.0	132.0
Goods Earnings	157.0	147.0	164.0	246.0
Other Earnings	24.0	27.0	23.0	29.0
Gross Traffic Receipts	291.0	274.0	293.0	407.0
Total Working Expenses	224.0	232.0	242.0	350.0
Net Traffic Receipts	66.0	42.0	51.0	57.0
Credit for Miscellaneous Transactions	—4.0	—5.0	—8.0	—15.0
Net Revenue	62.0	37.0	43.0	42.0

TRENDS IN RAILWAY FREIGHT TRAFFIC

SINCE 1950-51, when a vigorous programme of the rehabilitation of the physical assets of the railways was launched, it was confidently expected in official quarters that the shortages in transport would be eliminated and the requirements of the economy would be satisfied. Five years of the rehabilitation programme have failed to bring about this improvement. The capacity of the railways to carry traffic has fallen considerably behind the march of progress in industrial production. In Table I the indices of industrial production and of the net ton miles operated by Indian Government Railways with the year 1951 as the base have been set out for purpose of comparison.

The basic disparity between railway transport capacity and the expanding demand for transport emanating from industrial production alone is quite obvious from this table. In 1954, the traffic index was behind the increase in the index of industrial production by a wide margin of 16 per cent. This is a broad measure of the inadequacy of transport space on the railways. With the progressive replenishment of rolling stock and the expansion of transport facilities on a steep scale it would be possible to minimise the number of overaged stock and improve the condi-

TABLE I

Indices of Industrial Production and Net Ton Miles Carried by Indian Railways

(Base 1951=100)

	Industrial Production	Net Ton Miles Carried
1951	100.0	100.0
1952	109.8	101.5
1953	115.4	104.8
1954	123.0	107.1

tion of line capacity. But in the meanwhile planning must continue to provide for larger traffic which will be generated by the development projects.

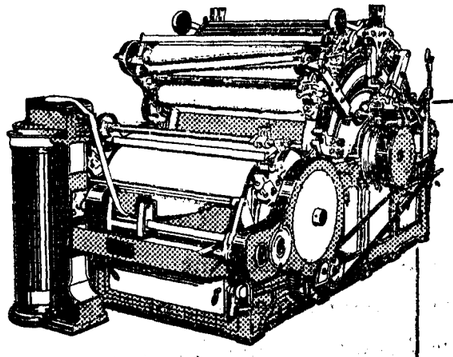
On the basis of the trends of traffic actually carried by the Indian railways since 1951-52, the Research Section of 'The Eastern Economist' has projected the future course of the expanding volume of transport that the railways will have to carry up to the end of the second Five-Year Plan. This projection is based on the assumption of the targets of production in the major industries fixed officially in some cases and accepted by consensus in others. The broad conclusion which emerges from a breakdown of the progress in the achievements of the targets from year to year is that there will be an increase in production which will create an average annual increase in the volume of freight traffic of the order of 6 per cent during the period 1951-52 to 1960-61. In Table II in this article are set out the trends, as explained above, in goods traffic up to the end of 1960-61. The breakdown has been made into categories comprising the principal commodities moving on the railways. It is most significant that whereas an increase of something between 15 and 17 per cent in the volume of traffic actually offering in 1954-55 has taken place, as disclosed in Table II, the actual capacity provided by the railways has increased by 7 per cent. In other words, the shortfall in the capacity of the railways to absorb traffic has been as nigh as 10 per cent. In this specific context it is pertinent to record that an increase of 10 per cent in the requirements of traffic capacity on the railways has been estimated as a result of the execution of the projects in the first Five-Year Plan. The outlay on the development of the railways in the first Plan, therefore, has failed to raise capacity to the requisite level, and the results actually achieved would show that the present capacity is equal to the actual demand at the beginning of the current Plan.

A brief explanation of the assumptions underlying the construction of Table II seems necessary. The index numbers in respect of the principal commodities have been computed with 1951-52 as the base year. The figures in brackets against the commodities represent the weights allotted to individual items in the composition of the index for the year. It is assumed that the targets of 6 million tons of steel, 10 million tons of cement and 2 million tons of sugar will be attained by the end of the second Five-Year Plan at any cost. These are among the major targets, while the increase in the output of other industries conform to the targets for doubling the volume of industrial production by the end of the second Five-Year Plan. At the end of the second Five-Year Plan railways will have to provide an expansion in goods carriage capacity which must be not less than 54.5 per cent above 1951-52. The Railway Ministry has tentatively fixed an allocation of Rs. 800 crores as the minimum requirements for the development of the railways in the second Five-Year Plan. Assuming that greater allocation than this may not be available, it would be the function of this investment to create additional transport capacity in the freight sector roughly of the order of 50 per cent over the base year 1951-52. Outlay on physical assets and a greater drive for intensive and efficient utilisation of assets should prove equal to the task.

RAILWAY FREIGHT TRAFFIC TRENDS

		1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
Oil Fuel	(2)	100.0	102.0	104.0	106.0	108.0	110.0	112.0	115.0	117.0	120.0
Kerosene	(2)	100.0	101.0	102.0	103.0	105.0	107.0	109.0	111.0	113.0	115.0
Petrol	(3)	100.0	105.0	110.0	115.0	120.0	125.0	130.0	135.0	140.0	145.0
Wood Unwrought	(2)	100.0	101.0	102.0	103.0	105.0	107.0	109.0	111.0	113.0	115.0
Sugar	(3)	100.0	108.0	116.0	124.0	132.0	140.0	148.0	157.0	166.0	175.0
Cotton, Manufactured	(2)	100.0	102.0	104.0	106.0	108.0	110.0	112.0	115.0	117.0	120.0
Vegetable and other Edible Oils etc.	(1)	100.0	101.0	102.0	103.0	105.0	107.0	109.0	111.0	113.0	115.0
Cement	(3)	100.0	113.0	126.0	139.0	152.0	165.0	178.0	192.0	206.0	220.0
Iron and Steel	(6)	100.0	144.0	188.0	232.0	276.0	321.0	366.0	411.0	456.0	500.0
Provisions	(2)	100.0	101.0	102.0	103.0	104.0	105.0	106.0	107.0	108.0	110.0
Tea	(2)	100.6	102.0	104.0	106.0	108.0	110.0	112.0	115.0	117.0	120.0
Jute, Raw	(1)	100.0	100.5	101.0	101.5	102.0	102.5	103.0	103.5	104.0	105.0
Rice and Paddy	(3)	100.0	106.0	112.0	118.0	125.0	132.0	139.0	146.0	153.0	160.0
Gram and Pulses	(3)	100.0	102.0	104.0	107.0	110.0	113.0	116.0	119.0	122.0	125.0
Wheat and Wheat Flour	(2)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Oilseeds	(2)	100.0	102.0	104.0	106.0	108.0	110.0	112.0	115.0	117.0	120.0
Cotton, Raw	(2)	100.0	102.0	104.0	107.0	110.0	113.0	116.0	119.0	122.0	125.0
Fruits and Vegetables	(2)	100.0	101.0	102.0	103.0	104.0	105.0	106.0	107.0	108.0	110.0
Coal, Coke and Fuel	(14)	100.0	102.0	104.0	107.0	100.0	113.0	116.0	119.0	122.0	125.0
Marble and Stone	(3)	100.0	111.0	122.0	133.0	144.0	155.0	166.0	177.0	188.0	200.0
Salt	(3)	100.0	105.0	110.0	115.0	121.0	127.0	133.0	139.0	144.0	150.0
Manganese Ore	(2)	100.0	101.0	102.0	103.0	104.0	105.0	106.0	107.0	108.0	110.0
Other Ores	(3)	100.0	111.0	122.0	133.0	144.0	155.0	166.0	177.0	188.0	200.0
Jute, Manufactured	(1)	100.0	100.5	101.0	101.5	102.0	102.5	103.0	103.5	104.0	105.0
Others	(31)	100.0	102.0	104.0	106.0	108.0	110.0	112.0	115.0	117.0	120.0
TOTAL		100.0	105.7	111.4	117.4	123.3	130.1	135.3	142.4	147.9	154.5

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INVEST IN INDIA'S FUTURE

THE BUSINESS WORLD

A.-I.M.O. ON MIXED ECONOMY

By
CROESUS

There was an informal function arranged by the All-India Manufacturers Organisation when Mr. K. C. Reddy, the Union Minister for Production, was in Bombay a few days ago. Welcoming Mr. Reddy, Mr. Murarji J. Vaidya, Chairman of the Organisation, made a pointed reference to the suggestions made by the AIMO in order to facilitate greater co-ordination and co-operation between the public and the private sectors. The first suggestion was that the policy of mixed economy should envisage equal treatment by Government to both public and private enterprise in the matter of development of industries, taxation, labour welfare measures, financial help, stores purchase policy, concessions, etc. The second suggestion wanted that the industrial policy should allow indigenous enterprise in the private sector equal freedom of participation with similar concessions as have been accorded to foreign enterprises in the development of industries reserved for the public sector.

Referring to these suggestions, Mr. Vaidya said: "If there is no equal treatment, private enterprise will be handicapped in competing with similar units with the public sector. Also it will not be possible to judge the efficiency of working of public enterprises. Our Organisation and our President, Sir Visvesvaraya, have been laying the greatest stress on the need for encouragement of local talent and enterprise and hence we have recommended that indigenous enterprise should be given equal freedom of participation in public enterprise as foreign private units with similar concessions."

Another important point raised by the AIMO Chairman was that as Government has been launching out more and more into what might be called purely commercial enterprises which are taking varying forms, the time has come when Government should evolve a specific policy governing the constitutional set-up of such enterprises. In this connection, Mr. Vaidya detailed six suggestions as follows:

(i) all purely industrial and commercial enterprises in the public sector should be run by Joint Stock Companies under the Indian Companies Act with obligation on their part to publish their Annual Balance Sheet and Directors' Report on their working;

(ii) the Boards of these Corporations should consist of besides the representatives of Government and Members of Parliament also persons connected with commerce and industry in the private sector;

(iii) the Chairman of such Boards should be whole-time officer drawn from commerce and industry and in order to attract suitable persons remuneration offered should be commensurate with responsibilities and in keeping with what private industry pays such men;

(iv) to each such Corporation should be attached Advisory Boards with representatives of consumers;

(v) all public utility services such as River Valley Development Schemes, electricity undertakings, etc., should be run by Statutory Autonomous Boards under an Act of Parliament with financial control vesting in the Parliament;

(vi) for carrying out proper accounting and efficiency audits on working of these Corporations, a special accounting and efficiency audit bureau consisting of experts in each of these two fields should be immediately set up.

Replying to the suggestions, Mr. Reddy said: "There is no need for competition between the private units and Government, whenever Government establishes an industry where private enterprise is already functioning. Take the case of the machine tool industry. We have had such discussions to hammer out a mutually acceptable programme of lines of production. With the rapid tempo of development of our country, there is likely to be no overproduction. I can only say the process has already been evolved to the extent necessary".

As regards the equal treatment to private and public sectors, Mr. Reddy said: "So far as I can see, there is no discrimination regarding taxation. Sindri, for instance, is not exempt. On loans interest is being paid at 4½ per cent. Regarding, depreciation, etc., we have got to observe Company Laws. We are as much subject to labour rules. For instance, in Vizag we could not dismiss 800 workers who were found surplus without referring the matter to the arbitration of Mr. Justice Mahajani. Broadly speaking, there may be some but there are no fundamental differences in treatment between the two sectors."

Regarding Indian and foreign companies Mr. Reddy went on: "So far as financial participation is concerned, it was not at all their desire; it was at the instance of the Government that Krupps agreed to such an arrangement, for we wanted our technical collaborators to have a financial stake. It was more our desire that they should have a share in equity capital. We have not given any other concessions to them".

Again as regards representation on the Board of Directors, it is only proportionate to the capital contributed that the Government have a majority representation. "I may mention here that we have given Scindias such a representation even after taking over the shipbuilding yard from them; although our share is going to rise, I can tell you, Scindias' share is not likely to be lower".

Proceeding, Mr. Reddy assured the Organisation that the safeguards referred to by Mr. Vaidya were fully kept in mind or were already under consideration. "We have made a further departure", observed Mr. Reddy, "by nominating labour representatives and of other interests such as consumers". Even with regard to registration of Government enterprises in the Company Act, he went on: "We have already constituted companies registered under the Companies Act. Even Ruirekela is so constituted. Regarding public utility services also we have done as in the case of the Damodar Valley Corporation. As for accounting and efficiency audits for all State units, we have provided for audit by the Comptroller and Auditor General, besides the normal routine audit by the Company's auditors and we shall be making provisions for these in the new Companies Bill".

The most heartening thing that the Minister said on the occasion according to me is this. "There seems to be a fear that private enterprise is being elbowed out and that the public sector is becoming dominant and aggressive. This fear is more subjective than objective. We are on the threshold of an industrial revolution and I believe there is ample scope for both to play their respective roles. I do not believe there is any point in the controversy that seems to be going on that there is insufficient scope for private enterprise; the refusal to allow private enterprise in respect of one basic industry such as steel need not mean that we do not want private enterprise at all. Why not take the case of chemicals and dyestuffs where we have allowed private enterprise to function. I would request you to think in terms of the national needs

and not of either the private sector or the public sector as though they are two conflicting agencies."

After listening to two Union Ministers in Bombay on this subject, it was a rude shock to me to read the speeches of the Union Labour Minister, Mr. Khandubhai Desai. As the outgoing President of the Indian Merchants' Chamber rightly pointed out at the last annual meeting of that body, "such utterances on ideological aspects by persons in positions of authority as might lead to class rivalries should, as far as possible, be avoided so as to remove the atmosphere of suspense and uncertainty that now prevails".

THE MUNICIPAL SECTOR

BY

CROESUS

Hitherto private enterprise was being threatened by only nationalization. But for some time past it has also begun to experience the threat of municipalisation. Of course, conditions vary from State to State. In Madras, the tendency seems to be for the State Government to acquire not only private undertakings but even municipal undertakings. In Bombay, on the other hand, it is not the State Government that is threatening to take over the electricity undertakings, but it is the Bombay Municipal Corporation. The contention of the Municipal Corporation is that it has been supplying electrical energy to the consumers in the town and island of Bombay through the BEST undertaking. The BEST, however, was not supplying to consumers in the suburbs but following the merger of the suburbs with the Bombay Municipality and the formation of Greater Bombay, there are now two agents which supply electrical energy to the public, (i) the BEST undertaking and (ii) the Bombay Suburban Electric Supply Limited, which is a public limited company supplying electrical energy to the people in the suburbs. Some corporators have got it into their heads that it is administratively desirable that the supply of electrical energy throughout Bombay and the suburban districts should be under the same control. With this end in view the Municipality has been urging the State Government for the past two years to approach the Government of India to have the Indian Electricity Act amended suitably so as to enable the Bombay Municipal Corporation to take over the Bombay Suburban Electric Supply Ltd. even before the expiry of the period of the licence given to the Company. The reaction of the State Government from the beginning has been to resist this suggestion and rightly so. It feels that the proposed amendment would affect the very right on the licensee to have undisputed possession of the undertaking for any specific period with the result that if the Act is so amended no person would be forthcoming to undertake the supply of electrical energy and invest capital therein. This reluctance on the part of the State Government is understandable because as early as in 1947 it enunciated a policy not to take over any electricity undertaking before the expiry of the licence granted to it. Moreover, in the case in point there is a further complication, because the Municipal Corporation wants to take over only a part of the undertaking, that is that part of it which relates to its operations within the jurisdiction of the Greater Bombay Municipal limits. As this would lead to dual control, the Bombay Government does not seem to favour the proposal of the Municipal Corporation.

Being aware of the background to the Bombay Municipal Corporation's proposal to take over part of the operations of the Bombay Suburban Electric Supply Ltd., namely, the increase in rates, the State Government, however, suggested to the Municipal Corporation to examine whether the increase in rates was within the permissible limits and whether the corporation would drop the proposal if, in that event, the Company agreed to reduce the rates. But having raised the issue, the Corporation would appear to be intent on pursuing it further. Hence, at the instance of the State Government itself to indicate the specific amendments which the Corporation felt to be necessary to the Indian Electricity Act, the Corporation's Law Committee went into this question and has submitted a draft of the proposed amendments. It remains to be seen whether this would be accepted by the Union Government. Meanwhile, it would be interesting to recall the circumstances which have given rise to the present controversy.

It was way back in 1953 that the Tatas increased their bulk supply rates by 12-1|2 per cent. As a result of this the distributor licensees, including the Bombay Suburban Electric Supply Ltd., found it necessary to pass on the increase to the consumers. There was a big agitation at the time. Although the agitation was started by the Praja-Socialist Party, the Congress Party in the Municipal Corporation stole the thunder from the P.-S.P. group in the Corporation by hastily adopting two resolutions at a meeting of the Corporation, (i) condemning the Bombay Suburban Electric Supply Board's action in raising the rates and (ii) proposing to take over the Bombay Suburban Electric Supply Ltd. It is the contention of the Corporation—and this is the main justification put forward by the Corporation both in its correspondence with the Bombay Government and in the proposed statement of objectives and reasons for the amendment to the Indian Electricity Act that it has proposed—that it would be able to bring down the electricity rates if it is allowed to take over a part of the operations of the Company. One finds it very difficult to accept this. For it should be obvious that the mere taking over of part of the Company's operations will not, of itself, lead to any economies in the cost of operations which the Company may not already have thought of. This apart, if a Company has not found it possible to supply power below a particular rate there must be some strong reasons for it. Anyone who has been in the suburbs knows that the density of population there is very much lower than that in the city which means that the number of consumers for a given distance in the suburbs is fewer than that in the city. Accordingly, the mere change of hands from the Company to the Municipality cannot be expected to result in any reduction in the rates.

However well-meaning may be the intention of the Bombay Municipal Corporation in trying to take over the operations of the Bombay Suburban Electric Supply Ltd. to the extent that it wants it, there is one point which the Corporation must not forget. It is that, in asking the Government to amend the Act, it is asking the Parliament to go back on its earlier considered decision not to allow the Municipalities to extend their jurisdiction to this sphere. One of the reasons why Parliament wanted State Governments to constitute electricity boards was that it did not want the Centre to lose any more income tax as a result of this. Public utility undertakings run by the Municipality are exempt from payment of income tax and to the extent that the jurisdiction of the Municipalities in this behalf increases, the Central Exchequer is deprived of its income tax proceeds. At a time when the Union Government needs all the resources it can garner to finance the fast developmental programmes it has undertaken it is futile to expect the Centre to take any such action as that proposed by the Bombay Municipal Corporation which would deprive it of an existing source of revenue.

Announcement

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CONSISTING OF

THE TATA IRON & STEEL COMPANY, LIMITED

AND NOMINEES

And

STEWARTS AND LLOYDS, LIMITED

AND NOMINEES

announce that they have received the sanction of the Government of India to extend their Steel Tube Works now being constructed at Jamshedpur.

The plant already being erected is a Fretz Moon Mill for the manufacture of welded tubes—in sizes up to and including 3½" outside diameter — of the type commonly known in India as G.I. pipe and W.I. pipe. The capacity of this plant is 80,000 tons per annum, which is much in excess of the present demand for this category of tube. This plant will come into operation towards the end of this year.

The extension now sanctioned by Government consists of :

(i) An Electric Resistance Weld Plant, primarily for the manufacture of Quality tubes up to and including 2½" outside diameter. It will produce Locomotive and other Boiler tubes, Cycle tubes, Electrical conduits, Transformer tubes, Furniture and other similar tubes.

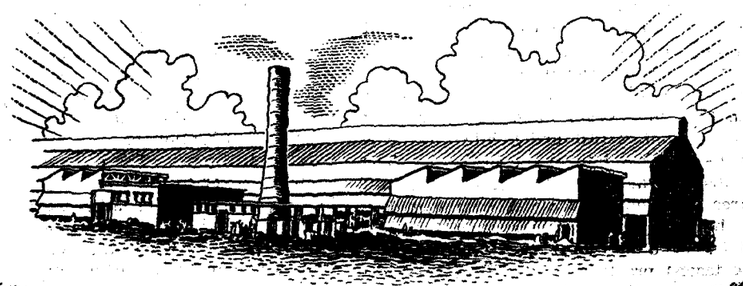
(ii) A Cold Rolling Plant for the production of cold rolled strip up to a maximum of 12¾" wide for tube making on the Electric Resistance Weld Plant and also for sale as cold rolled strip, to meet the demand for this type of product in India.

These plants will go into production early in 1957.

All three plants will draw their supplies of hot rolled strip from the new Strip Mill now being installed by The Tata Iron & Steel Company.

The total initial investment in the extended Tube Works will be about Rs. 5 crores (and in the Strip Mill about Rs. 2.65 crores).

As a future stage of development of the Tube Works it is intended to manufacture Seamless tubes, and space provision has already been made for the installation of a further plant suitable for this type of product.



BUSINESS NOTES

AN EXTENDED LEASE

The decision of the Indian Jute Mills Association to extend the working time agreement by another five years until the end of January 1960 accords with the general expectation. The old agreement of 1949 which was to expire in January last had been the subject of special attention at the hands of the Jute Enquiry Commission, which made a strong recommendation that it should be abandoned on grounds of raising the competitive efficiency of the industry. The Commission did not recommend abandonment at one stroke, but urged that the process should be spread over as short a time as possible. There was, therefore, no reason to apprehend that the agreement would be terminated in January 1955. However, the very fact that the interval between the Commission's report and the expiry of the last agreement was not considerable, some curiosity and speculation about its fate had been aroused. They have now been set at rest.

The most significant feature of the agreement (it is not a post-partition innovation, but its origin dates back to 1885 with intermittent revivals) is that it did not in the least aim at restricting production in order to boost up prices. The reasoning underlying the regulation of output was to spread the quantum of reduction evenly over all the member units of the Association so as to secure a balance between demand and supply. The alternative to regulation on this pattern was chaos taking in its sweep a section of the industry and also affecting the consumer and upsetting the overseas trade of the country. Regulation of output had been ensured by putting out of commission a definite loomage capacity (at present 12½ per cent) or reduction of working hours per week, or both. Since October last, the working hours have been raised fully to the normal duration of 48 hours per week. The jute industry in this country is currently passing through the phase of transition necessitated by the requirement of rehabilitation. When partition of the country and the continuous onslaughts of substitute packing materials have dislocated the structure of the industry, it is certainly not the appropriate time to add to its difficulties (and particularly to the hardships of its vulnerable section) by throwing overboard the safety-valve of regulation. The IJMA's decision only implies that reasonable time is being ensured for the industry, and more specifically for the weaker units, to secure requisite reform. It does not imply extension of all-time cover to anaemic units.

EMPLOYEES' STATE INSURANCE

Last week's meeting of the Employees' State Insurance Corporation held here will have produced useful results if it serves to emphasize the necessity of tackling the Corporation's organisational and administrative problems in a business-like manner. The social insurance scheme took four years to get off to a start after the Act was passed in 1948 and Bombay city was brought within its purview late in the last year. The most recent plans aim at extending it to important industrial centres in seven more States by the middle of this year. The policy of social insurance has now been accepted for good and everyone would wish it progress at the fastest practicable rate. But considerations of sound organization and effective administration cannot be cast aside in the pursuit of the desire for speedy progress.

Perfect co-operation between the private medical profession and the State Medical Departments is an absolute pre-condition of sound working of the scheme. Evidence is yet to come forth that this pre-condition has been secured so far. A real divergence of opinion exists on the relative merits of the full time service system and the panel system for doctors to be enlisted for the execution of the scheme. A sub-committee of the Corporation's Standing Committee has been asked to investigate the issue of the suitability of the two systems. There can be no dogmatic approach to this basic question and perhaps both the systems may be approved for different regions. The sub-committee is also called upon to examine the actual administration of the cash benefits and medical services provided under the scheme. The conclusions emerging from this investigation will be restricted to the actual experience of two centres notably in the North for a limited period of two years. It is, therefore, too early to force the pace of the enlargement of the coverage of the scheme to include entire families of workers. Haste in this matter will result in bringing more onerous financial liabilities for the contributing parties without ensuring the provision of actual medical relief to the larger numbers supposed to derive benefit from the increasing outlay.

LOCATION OF FERTILIZER FACTORIES

With about two more months left before which the Government is expected to make up its mind on the location of sites for the new fertilizer factories, the claims of different States are being scrutinised by the Fertilizer Production Committee in detail so as to make its report ready for submission to the Production Ministry possibly by the end of March. It is a firm decision now that one of the additional factories to be set up will be established at Nangal where it will be associated with the project for processing heavy water necessary for atomic research. The capacity at Nangal could be fixed at 350,000 tons as in the case of Sindri. The next basic decision which will need to be taken is whether only two more factories with the same capacity should be installed or a large number of smaller units should be approved. In the latter case, the economic implications of operating a unit, for instance, with a capacity of 100,000 tons, will need to be investigated. A fertilizer plant as part of the integrated multi-purpose lignite project in South Arcot district in Madras State would appear to be an acceptable choice. Besides Madras, other States, which have pressed their claims for the factory include Rajasthan, Saurashtra, Hyderabad and Mysore.

The Rajasthan Government's case is well supported on the ground of convincing factors. The site proposed in that State is Hanumangarh, which is within 175 miles of the famous Jamsar area of gypsum deposits which feed Sindri. It is pertinent to recall that gypsum accounts for 60 per cent of the raw material requirements of the manufacture of ammonium sulphate. Transport of coal from East India coalmines would be greatly facilitated on the score of cost economy through intensive utilisation of wagons employed for carrying gypsum to Sindri. There is the partial alternative of switching over to the use of lignite deposits in Bikaner areas. But this alternative needs technical investigation. The Rajasthan Government has pointed out the feasibility of securing the requisite volume of water and electric power out of its share in the Bhakra Nangal project. Other peculiar features of the Rajasthan proposal, which argue the strength of the State's case, are the possibility of developing the use of sodium sulphate from Sambhar Lake as a substitute for gypsum, securing thereby the more remunerative by-product of sodium carbonate. Transport costs in distributing the fertilizer to consuming areas in the North and West would go to ease the pressure on the final price. Apart from the technical merits of the site at Hanumangarh, the State Government rests its case on the powerful plea that extra resources ought to be spent on this industrially backward region.

RURAL CREDIT

Caution and patience are as necessary as at any time ever before in making a realistic approach to the problem of rural credit. Stop-gap arrangements which are being made through legislation to extend temporary relief to the agriculturist are apprehended to produce adverse effects on the insufficient credit facilities that are available at present and the existing machinery of credit is likely to be dislocated without making room for any effective substitutes. The truth of the matter is that the magnitude of the problem and the narrow scale on which modern banking is operating in this country admit of no quick and radical solution.

Mr. M. A. Chidambaram has uttered a word of warning in his speech at the last quarterly meeting of the Southern India Chamber of Commerce against the radical scheme which the Government is intent upon introducing for the supply of credit to the rural sector. He has stressed that the proposed integration of the Imperial Bank of India and the State associated banks and the diversion of their resources to rural credit requirements will immediately cause a serious disturbance to the structure of commercial banking without providing an effective solution of the question of rural finance. Moneylenders are responsible for supplying not less than 70 per cent of the credit facilities in this sector and any new scheme of organized credit agency must incorporate the institution of moneylenders for successful working. He has urged that, instead of embarking upon the ambitious project of starting an unwieldly State Bank of dubious feasibility, Government should revise its plan and launch rural credit banks with the participation of the Reserve Bank, the Imperial Bank, the State associated banks and the moneylenders. The professional activities of moneylenders have already been brought under legislative regulation in several States and future policy in regard to them should aim at absorbing their resources in modernised rural banks.

SHIPPING IN THE NEXT PLAN

Broad indications of the probable scheme of expansion of shipping during the second Five-Year Plan are now available. It would appear from the published reports that the target for the acquisition of additional tonnage is to be pitched at the figure of 445,000 GRT. If this target is to include the requirements of replacements, which are estimated at 90,000 GRT, the net addition will amount to 355,000 GRT. It is, therefore, difficult to escape the conclusion that shipping will once again receive a raw deal in development. The net addition in the current Plan will be 215,000 GRT exclusive of replacement of 60,000 tons of overaged ships. In approximate terms, it would imply that Indian shipping will have to rest content with an expansion from 610,000 GRT at the beginning of the second Plan to 965,000 GRT at its end. A large part of the future acquisitions of tonnage will be needed for the near and distant trades. Considering the negligible share of Indian shipping in these trades, it is obvious that an increase of 355,000 tons is not going to raise the stature of Indian shipping at a rate that can ensure the growth of the merchant fleet justified by the increasing volume of the country's sea-borne trade.

The reported estimates of investment show some confusion about the size of the tonnage that can be acquired. An investment of the order of Rs. 80 crores is mentioned as the projected provision. Since some of the additional tonnage will be procured from second-hand sources, it should be possible to raise the provisional target with this outlay by more than 50 per cent. Of this investment of Rs. 80 crores, Rs. 10 crores are said to be the expected contribution of the shipping companies, Rs. 20 crores the requirements of the public sector and Rs. 50 crores the provision to be made by the Government for loans to the shipping companies. State assistance of this order will be a little above twice the size of loans earmarked during the period of the current Plan and by consensus the latter is conceived on a narrow scale. A bold bid is positively required to restore India to her rational status in the maritime world.

A nucleus of the tanker fleet is to be built up during the next Plan by means of collaboration between the Government and the oil refinery companies. In the first instance, it will take care of the transport of the products of the refineries to Indian ports. At a later stage a share will be acquired in the shipping of crude oil from the exporting countries. The idea behind this scheme is to obtain the ownership of the tanker fleet later for the Government of India and eventually to transfer it at a suitable stage to Indian shipping companies. Indian companies should find no cause to disagree with this scheme since their resources will be claimed urgently, for some years more, by the dominant needs of the dry cargo trade. A beginning is also contemplated in tramp shipping as an integral part of the national merchant marine. The idea of establishing a tramp corporation, however, is open to serious objection. No monopoly or near-monopoly interests ought to be created. Tramp shipping should be left particularly to benefit the medium-sized companies, which are currently subjected to inequitable treatment by reason of the system of licensing on the coastal routes, on the basis of the size of their fleets.

EXPORT GUARANTEE

The move for the adoption of an export guarantee system has progressed to an advanced stage now. Not much enthusiastic response was evoked when the Commerce and Industry Minister made a brief reference to the desirability of the introduction of this system in this country in the course of his inaugural address before the Export Advisory Council in October 1953. The impact of the change in the situation in more recent times has been responsible for a constructive approach to the proposal. The increasing competitive nature of the export trade has altered the situation in a greater measure. It has been a source of some anxiety that at a time when conventional standards in the export business demand higher respect, room should have been allowed for more complaints of failure to conform to specifications or to certain important clauses in export contracts or in the matter of adequate and fully protective packing. The Commerce and Industry Ministry has now sent a draft scheme to the export interests in the country to elicit their response and suggestions for adopting a pattern of export guarantee system to suit the conditions of the Indian trade.

In essence, however, the scheme will follow the conventional lines which have demonstrated their practical value and usefulness in the West. The main purpose of the scheme is to offer a reasonable insurance against losses from non-execution of contracts to the importer abroad as well as the exporter at home, depending on the specific circumstances under which the loss arises. All claims which the importer may duly establish against the exporter will be indemnified by the organization that will be set up to implement the guarantee scheme and the element of uncertainty in this behalf will be removed. The exporter, in turn,

will be indemnified against losses he may have to incur for non-fulfilment of the contract in so far as he is not responsible for it. All conceivable causes and sets of circumstances, ranging from lapses on the part of either party to factors over which neither of them has control, will be included in the guarantee system, in so far as they are capable of being made the basis of claims for compensation as ordinarily understood. Specific contracts of policy which the parties will have to conclude with the guarantee organization will necessarily include clearly defined liabilities as well as rights. The organisation will function possibly through the agency of the Export Promotion Councils for individual products and commercial bodies in this country. The guarantee will offer insurance cover to the extent of 80 per cent of the value of the export goods. Apart from a simplified system of compensation which it will provide, the export guarantee scheme will be valuable in building up high standards of reputation for the export trade.

MONOPOLY IMPORTS?

The annual general meeting of the All-India Importers' Association was addressed by Mr. Shantilal M. Shah who hailed the check in the adverse balance of payments and the small surplus that has emerged. Though the internal situation in respect of prices and production was characterised as satisfactory, the position of raw jute and sugarcane production was far from reassuring. Mr. Shah indicated that the major problem faced by the country was the maintenance of prices of agricultural products such as raw cotton, groundnut and groundnut oil. Whereas the Import Policy for the January-June 1955 period was generally held to be balanced and the import of a larger number of commodities had been liberalised, the quality restrictions in respect of woollen piecegoods and umbrella ribs were held out as instances of incorrect policy. In the case of woollen piecegoods, the duty was enhanced only four months ago from 38 per cent to 67 per cent. The multiple restrictions imposed on crockery were also causing great hardship to the trade during the time of clearance from customs.

Mr. Shah's one major target of criticism was what he termed as monopoly import in the case of certain specific commodities. He opposed the introduction of the new policy. In his opinion the most objectionable feature of the import policy, however, was the introduction of 'Monopoly Imports' in respect of raw silk, soda-ash and caustic soda, particularly the latter two. Even if imports are not allowed on a monopoly basis, the distribution of the two commodities has been diverted from the ordinary trade channels and entrusted exclusively to two firms. In spite of repeated representations the Government had refused to pay attention to the fact that whereas the trade was allowing itself a margin of only 10 per cent on soda ash and caustic soda, the two firms—one a manufacturer and the other a foreign firm—have been allowed 12½ per cent thereby raising prices for the consumers and simultaneously flouting fair-play. The temporary rise in prices last year was due more to the unrealistic reliance on indigenous production, and subsequent piecemeal quotas and ad hoc licences both of which contributed to maintaining high prices. The Government could have made bulk bargains and issued licences valid only from the source and on the terms made by Government or employed some mechanism like the Co-operative Marketing Organisation.

The trade has made a plea to the Government to increase its representation on the Customs Advisory Committee which though it deals only with procedural matters, will result in increased confidence in the policies of the Central Board of Revenue by the small trade.

INCREASED CAPACITY FOR CALTEX REFINERY

The Government of India have approved the proposal of Caltex (India) Ltd., to increase the capacity of their proposed oil refinery at Visakhapatnam from 500,000 tons to 675,000 tons of crude oil per year. In terms of production this will mean an increase from 10,000 barrels to 13,000 barrels a days. With this increase in the capacity of the Caltex Refinery the total capital outlay will be raised to Rs. 12.5 crores instead of Rs. 7.5 crores envisaged in the original plan. The effect of the new proposal is expected to raise the production of kerosene by 6 per cent and of motor spirit by about 20 per cent.

Preliminary work on the construction of the Caltex Refinery has begun and the refinery is expected to go into production sometime in 1957. The Burma-Shell Refinery now under construction at Trombay, near Bombay, is expected to begin operations towards the middle of the year and will go into full production shortly thereafter. The Stanvac Refinery, the first of the three modern oil refineries in India, went into production last year.

RAIL-SEA CO-ORDINATION

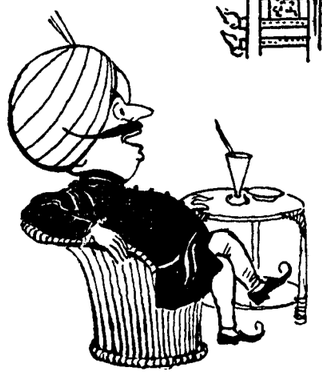
In his presidential speech at the thirty-fifth ordinary general meeting of the Scindia Steam Navigation Company held in Bombay on Wednesday last, Mr. Dharamsey M. Khatau has dilated at length on the current pressing problems of Indian shipping. This comprehensive survey will be found elsewhere in this issue where the important extracts of his speech appear. But among the topics which he has touched there is one which is of immediate urgency. That is the problem of coming to a positive decision on co-ordination between railways and coastal shipping. Apart from the fact that the present situation with regard to the inadequacy of traffic for the coastal trade gives it the character of urgency, the question of co-ordination demands immediate attention in view of the fact that the demands on transport capacity that will be created in the course of the second Five-Year Plan will have to be provided for on a well-conceived basis.

Mr. Khatau has pointed out that at the present time merchants in the interior show a preference for direct rail transport over transport to the nearest port by the coastal route and then re-booking to out-stations. Although the latter is convenient in most cases on the grounds of time taken and relieving pressure on the railways, it is not acceptable because it involves payment of sales-tax at two points. Similarly, in the case of a choice of shipping over the entire route, heavy port charges act as a deterrent. These two impediments will have to be considered in tackling the wider problem of co-ordination. Mr. Khatau has suggested that this question will involve some readjustment in railway freight rates. As an example he has pointed out the necessity of granting preferential rates on railways where the goods to be exported will be carried in Indian vessels to the overseas destination. It is nobody's case that the issue of rail-sea co-ordination is free from complications. But so far no attention has been paid to it and road-rail co-ordination has practically been conceived as synonymous with transport co-ordination. In his Railway Budget Speech last Tuesday, Mr. Lal Bahadur Shastri has given an assurance that a committee would be appointed to investigate the question of rail-sea co-ordination. The appointment of the committee needs to be given immediate priority and in view of the fact that certain concrete suggestions have been put before the Transport Ministry as indicated in the Budget Speech, it would also be essential to fix a time-limit for the completion of the work of this committee. It would then be possible to put the approved policy of co-ordination without avoidable delay.

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COMPANY AFFAIRS

THE BANK OF INDIA LTD.

The audited accounts of the Bank of India Limited for the year ended December 31, 1954 disclose an all-round improvement in its working. The figure for total deposits shows an increase of Rs. 5.49 crores from Rs. 54.89 crores in 1953 to Rs. 60.38 crores during the year under review. This rise in total deposits is due to fixed deposits and the current accounts which stand as high as Rs. 14.47 crores and Rs. 37.44 crores respectively. The investments (at below market value) remain unchanged at Rs. 19.87 crores. Advances, however, are up by more than 18 per cent from Rs. 33.58 crores in 1953 to Rs. 39.75 crores during the year under reference. The net profit shows an advance of Rs. 1.28 lakhs being more than 3 per cent above the level of the preceding year. The directors have maintained the provision for taxation at Rs. 29.00 lakhs. The dividend on ordinary shares has also been maintained at 14 per cent per annum.

The salient features of the working of the Bank during the last three years are outlined below:

(In rupees)

Year ended December 31	1952	1953	1954
Deposits:			
Fixed deposits	9,50,78,507	11,87,37,005	14,46,72,137
Saving Bank deposits	8,68,89,841	8,54,41,524	8,47,28,266
Current account, contingency account etc.	37,92,83,382	34,46,94,570	37,44,15,827
TOTAL	56,12,51,730	54,88,73,099	60,38,16,230
Investments (at below market value)	19,57,61,379	19,43,93,400	19,86,77,601
Advances	32,21,76,434	33,58,40,363	39,74,94,386
Interest paid on deposits, borrowings etc.	46,22,920	42,24,922	58,87,495
Interest and discount earnings	1,75,98,919	1,75,76,509	1,89,08,123
Net Profit	35,75,937	35,93,225	37,21,073
Provision for taxation	31,00,000	29,00,000	29,00,000
Dividend (rate per cent per annum)	14	14	14

HOWRAH MILLS COMPANY LTD.

In line with the working results of other jute companies the Howrah Mills Company, Ltd., (Managing Agents: Jardine Henderson, Ltd.,), has reported encouraging results for the half-year ended September 30, 1954. The figure for sales for the half-year has gone up by more than 11 per cent from Rs. 160.16 lakhs to Rs. 178.46 lakhs. This upswing in sales is accompanied by a rise in manufacturing expenses and 'salaries and wages'. The manufacturing expenses have registered an increase of Rs. 75 thousand over the previous half-year's figure of Rs. 109.91 lakhs. The bill for salaries and wages at Rs. 41.35 lakhs, covering more than 23 per cent of the sales, has increased from Rs. 40.39 lakhs to Rs. 41.35 lakhs. The net profit stands at Rs. 11.08 lakhs as against Rs. 11.73 lakhs in the preceding half-year.

The directors have appropriated Rs. 3.25 lakhs for taxation and Rs. 2.00 lakhs for depreciation. No allocation has been made for Machinery Renewal Reserve Account. Rs. 2.50 lakhs to go to Taxation Equalisation Reserve Account. The ordinary dividend has been maintained at 6¼ per cent per annum.

In compliance with the main and supplementary working Time Agreements of the I.J.M.A. the Mills worked 42½ hours per week until July 10, 1954 and 45 hours from July 12, 1954, until the end of the half-year.

The salient features of the working of the Company during the last three half-years are tabulated below:

(In lakhs of rupees)

Half-year ended	30-9-1953	31-3-1954	30-9-1954
Sales	171.71	160.16	178.46
Stocks	32.36	35.94	28.84
Manufacturing Expenses	99.15	109.91	110.66
Salaries and Wages	40.26	40.39	41.35
Net Profit*	10.61	11.73	11.08
Provision for Depreciation	2.00	2.00	2.00
Provision for Taxation . .	5.00	3.50	3.25
Machinery Renewal Reserve Account	1.00	3.00	2.50**
Ordinary Dividend (rate per cent per annum)	6¼	6¼	6¼

* After providing for depreciation only.

** Taxation Equalisation Reserve Account.

THE CHAMPADANY JUTE COMPANY, LTD.

The Directors' report of the Champadany Jute Company Limited (Managing Agents: James Finlay and Company, Ltd.) for the half-year ended September 30, 1954, reveals satisfactory results. The sales have gone up by more than 9 per cent from Rs. 126.87 lakhs to Rs. 138.67 lakhs. The figure for stocks at Rs. 8.07 lakhs is below that of last half-year. The manufacturing expenses are up by Rs. 5.80 lakhs to Rs. 94.23 lakhs while the bill for salaries and wages, covering nearly 20 per cent of the earnings, is up by Rs. 2.73 lakhs. The net profit, after providing for depreciation and taxation, amounts to Rs. 1.72 lakhs as against a loss of Rs. 6.74 lakhs. The directors have appropriated Rs. 1.38 lakhs for depreciation (as against Rs. 1.14 lakhs in the preceding half-year) while no provision has been made for taxation. Dividend on ordinary shares has been proposed at Rs. 3 per share as against nil in the previous half-year.

The table below sets out the working of the Company during the preceding three half-years.

(In lakhs of rupees)

Half-year ended	30-9-1953	31-3-1954	30-9-1954
Sales	119.58	126.87	138.67
Stocks	15.34	8.18	8.07
Manufacturing Expenses	78.98	88.43	94.23
Salaries and Wages	27.88	28.06	30.79
Net Profit*	+ 1.93	— 6.74	+ 1.72
Provision for taxation	1.82	Nil	Nil
Provision for Depreciation	1.50	1.14	1.38
Ordinary Dividend (Rate per cent per annum)	3	Nil	3

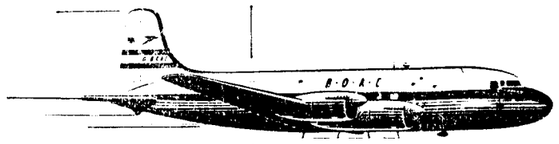
* After providing for depreciation and taxation.

SOUTH KARANPURA COAL CO., LTD.

The results of the working of the above Company (Managing Agents: Bird & Co., Ltd.) for the half-year ended August 31, 1954, reveal a net profit of Rs. 57,921 as against Rs. 21,132 in the previous half-year. The figure for sales is higher at Rs. 14.36 lakhs. Though the raising have declined from 1,00,734 tons to 99,603 tons, despatches show a rise of 5,635 tons to 96,490 tons. The directors have allocated Rs. 32,469 for depreciation while no provision has been made for taxation. The ordinary dividend has been maintained at 2½ per cent per annum absorbing a sum of Rs. 21,875.



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COMMODITY NEWS AND NOTES

EXPORT DUTY ON COFFEE REDUCED

Coffee production during 1953-54 is reported to be 29,400 tons, that during 1952-53 at 23,180 tons and 20,882 tons in 1951-52. The value of coffee exports has also risen from Rs. 55.3 lakhs in 1951-52 to Rs. 139.6 lakhs in 1952-53, Rs. 145.4 lakhs in 1953-54; the quantity exported rose in the corresponding years from 16,083 tons to 44,353 tons and 55,365 tons. The value of coffee exports during the first seven months of 1954-55 stands at Rs. 511.1 lakhs. The monthly average output of coffee cured, pounded and delivered to the coffee pool, during the years 1951, 1952 and 1953, was 1,508, 1,758 and 1,881 tons respectively.

The reduction of export duty on coffee from Rs. 62-8 to Rs. 21 per cwt., is announced by the Government of India. Coffee consumption during 1953-54 at 21,000 tons is some 2,593 tons over the previous record set in 1952-53. The Indian Coffee Board had earlier requested the Government to permit the export of 4,000 tons of coffee out of the 1954-55 crop during the first four months of 1955. The carry-over of 4,500 tons from the 1953-54 crop into the current year was also a factor considered by the Board, who were anxious to step up exports to relieve the position. The destruction of a large amount of coffee, due to the absence of storage facilities has been an annual feature faced by the coffee industry. It is to be hoped that this reduction in export duty will enable growers to export more coffee—incidentally earning valuable foreign exchange.

FIRST ESTIMATE OF RAPE AND MUSTARD

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of rape and mustard for 1954-55 puts the current year's area at 2,224,000 acres as against the adjusted first estimate of 2,185,000 acres for 1953-54. This shows an increase of 59,000 acres or 2.7 per cent in area over last year.

The increase in acreage under rape and mustard during the current year has occurred mainly in Pepsu, Assam, Madhya Bharat and the Punjab due generally to favourable climatic conditions at the sowing time. This increase has, however, been offset to some extent by decreases reported by Bihar, West Bengal and Rajasthan.

The information given in this estimate relates generally to the period up to the middle of December 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. Information regarding the crop sown mixed with other crops will be given in the final estimate only. Past experience has shown that the area in the first estimate forms roughly 40 per cent of the area under the crop finally reported.

MANGALORE COFFEE

The Plantation Inquiry Commission visited the Kanara Chamber of Commerce recently where they were presented with a memorandum on behalf of the Mangalore Coffee and Produce Merchants' Association. The association, in its memorandum, stressed the need for preventing adulteration of coffee and urged for a ban on the import of chicory altogether. They pointed out that the present method of marketing of coffee was unsatisfactory and said that the various handicaps the trade was labouring under should be removed to ensure suitable marketing arrangements designed to serve equally the interests of growers, traders and consumers.

WORLD COTTON PRODUCTION

World cotton production in the current season is estimated at 36.2 million bales by Foreign Agricultural Service. This compares with 38 million bales last season and 35.8 million two years ago. This season's United States' crop is about 2.9 million bales less than the preceding season. But aggregate crops elsewhere in free world are likely to be 1.3 million bales more than the previous year. Outlook for the 1955-56 season is for an expansion of at least 500,000 bales in foreign cotton production, mainly in Mexico, Central America, Pakistan, West Africa, Egypt and other Middle East countries.

U.K.'S TEXTILES

The British textile industry, faced with Far Eastern competition, was at a crucial stage, Mr. C. H. Colton, President of the Textile Institute, stated recently. Competition from the low wage countries of the Far East was growing and was likely to reach a degree of severity not experienced before. Even if Japanese imports were controlled, India and Hong Kong could both claim the benefits of Imperial Preference. The only solution for the British industry was to concentrate on quality, design and finish and offer a product at a price which represented good value for money—textiles which were fit for Western purposes and Western purses.

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The Scindia Steam Navigation Co., Ltd.

Speech delivered by Shri Dharamsey M. Khatau, Chairman of The Scindia Steam Navigation Co., Ltd., at the 35th Ordinary General Meeting of the Company held on Wednesday, February 23, 1955, at 4 P.M. at Scindia House, Ballard Estate, Bombay.

Gentlemen,

The Directors' Report and the Audited Accounts for the year ended June 30, 1954, have been in your hands for some time now and I shall, with your permission, take them as read.

Unfortunately, the over-all working result during this year has not been as satisfactory as that of the previous year. The results of the Ferry Line services and the Workshop have been shown separately this year in the Accounts of B. S. N. Co. (1953) Ltd., and Scindia Workshop Ltd. The main reason, however, for the lower profit earned during the year is the considerable fall in freight earnings: This has been due to a lower level of freight, poorer liftings of cargo, and lesser tonnage employed in some of the trades. On the Coast, the rates for the carriage of salt in 1954 were reduced by Rs. 3 per ton, for cement by about Rs. 2 per ton and reductions had also to be made in the rates for several items of general cargo. In the Adjacent Trades, where freights depended on open-market conditions, the rates at which freight was earned were lower during the year than in the previous year. The result has been that the average rate of freight earned on our aggregate liftings in Coastal and Adjacent Trades taken together was lower in 1953-54 by Rs. 2-8 per ton than the corresponding rate in 1952-53. The main factors which have contributed to a drop in our liftings in Coastal and Adjacent Trades are: (i) lower exports of rice from Burma to India; (ii) loss of contract for Ceylon rice; (iii) the loss of coal contract from India to Burma; and (iv) the unfair competition by irregular practices, particularly on the West Coast. In the Overseas Trades, there was no change of any importance in the tariff rates, but comparison becomes difficult because there was a significant change during the year in the pattern of our voyages due to diversion of tonnage from India-U.S.A. trade to India-U.K.-Continent trade.

So far as our tonnage position is concerned, five 7,300 dwt cargo ships are under construction for us in the Visakhapatnam Yard. I must mention at the start that the quality of the ships built at Visakhapatnam is in no way inferior to those built abroad. In fact, foreign experts have opined that they compare favourably with those built in foreign yards.

Before I complete my observations on the Accounts, I wish to place before you an important aspect of our finances. Over Rs. 3 crores stand invested at present in a form that brings practically no return to us. I refer to our investments in the shares of The Eastern Shipping Corporation Ltd., and Hindustan Shipyard Ltd., and to the amount due from Government of India in respect of payment for the Shipyard. Further, the payments made by us to Messrs. Hindustan Shipyard Ltd. on account of steamers under construction, which, as on June 30, 1954, amounted to over Rs. 216 lakhs, have been locked up for abnormally long period owing to considerable and continuing delays in the delivery of the ships. Thus, it will be noticed that over Rs. 5 crores of our resources bring us no return. I trust this vital aspect will not be lost sight of when you assess the results of our working.

Gentlemen, I shall now acquaint you with the salient features of our working during the year.

As regards Scindia Workshop Ltd., our subsidiary company, it has enabled us to carry out repair work on our ships at reasonable costs. The old Workshop is being modernized in accordance with the advice of experienced experts.

The Coastal Conference have been pressing the Government to co-ordinate the two modes of transport by suitable adjustments in rail rates, arrangements for through bookings, etc. We make no complaints against the Railways but wish to see proper co-ordination between the two branches in the common cause of transport.

The subject of rail-sea co-ordination has moreover a wider application. The use of preferential rates on Indian Railways for cargoes meant for or coming from overseas, if they are shipped by national tonnage, provides an elastic method for securing its legitimate share in the carriage of our Overseas Trades. I therefore trust that Government will be good enough to explore this avenue for encouraging Indian Shipping. In such an investigation the shipowners will be prepared to play their part.

MADRAS-RANGOON PASSENGER SERVICE

Owing largely to immigration restrictions in Burma, the traffic on this service has been falling from year to year. As against 32,000-35,000 passengers carried in 1948-49, passengers carried in 1954 were about 10,000. There is also a heavy decline in the movement of cargoes between the two ports.

INDIAN COASTAL CONFERENCE

Gentlemen, I informed you at the last meeting about the growing malpractices on account of which we decided to resign from the Indian Coastal Conference. On a pressing appeal by other members of the Conference we agreed to withdraw our resignation and to give a trial to a machinery for prevention and detection of irregular practices. I am glad to say that the Coastal Conference has recently appointed a Committee to evolve a suitable pooling arrangement under which Member Lines would be entitled to carry their respective quotas of the coastal trades. Under a well-conceived quota system with provision for deterrent penalties, there would be no restrictions on legitimate expansion of tonnage; it would also ensure observance of Conference rates and practices, thereby promoting healthy development of national shipping on the Coast.

TONNAGE IN ADJACENT TRADES

As regards Burma-India and Burma-Ceylon Trades, at present Indian companies are entitled to carry only 50 per cent of these trades, the remaining 50 per cent being catered for by non-national lines. In this connexion, it is important to note that the Union of Burma Shipping Board is already operating two large ships specially designed for the carriage of rice and coal. Ceylon also has begun to develop its own shipping. We fully appreciate the aspirations of our neighbours to build up their own national shipping and we welcome their entry into these trades. It is only in the fitness of things that the cargoes emanating from or terminating in India, Burma and Ceylon, should be carried inceasingly in the national bottoms of these countries to the mutual advantage of all of them. Trade relations between India and Pakistan are an important feature of our West Coast trade. I therefore hope, particularly in the prevailing more cordial atmosphere of today, that these relations will improve to our mutual advantage.

TANKERS

It is a well-recognized fact in transport economics that a national fleet is incomplete without its appropriate quota of tankers. The question has now assumed particular importance in view of the fact that three oil-refineries are being established in the country. As India possesses no oil-wells so far, this question has a two-fold aspect: (1) the carriage of three million tons crude oil from overseas to the refineries, and (2) the movement of about a million and a half tons of refined products along the Coast of India. Not only no provision has been made for India's participation in the carriage of crude oil to her shores but, for the thirty-year period of the agreement the oil companies have been given the right to operate their own or chartered tankers on the Coast in spite of the fact that the coastal trade of India has been reserved for national ships. However, it should not be difficult with goodwill on both the sides to modify the terms of the agreement entered into with foreign corporations and, when that happens, the Government should hand over the operation and management of two coastal tankers they propose to buy to a company operating along the Coast with a view to forming a nucleus of a tanker fleet and its expansion in due course.

Notwithstanding abnormal delays, with the employment of the full number of 12 ships which we are at present entitled to employ in this trade, we were able to consolidate our position by suitable programming of our vessels.

I shall now refer to certain handicaps the Indian Lines experience in normal trading operations by being denied membership of some of the Conferences. You may be surprised to learn that, while our vessels loading on the Conference berth for U.K.-Continent can accept cargo, say, at Calcutta for Colombo or Aden, they cannot accept export cargo from Colombo to U.K.-Continent ports. Similar is the position in the trade from U.K. to Aden, U.K. to Colombo, etc. This restriction affects the economic working of our vessels. We are pursuing this matter with the Conferences concerned and I only hope that they will see the reason and force behind the Indian Lines' contentions and redress their long-standing grievances at an early date.

A further and a more important restriction which comes in the way of Indian Lines providing a much more efficient service in this trade arises from their being limited to employing not more than 12 vessels. We thus have no rights similar to those enjoyed by our non-Indian colleagues. In this connexion I may inform you that the Cargo Preference Act recently put on the Statute Book of the U.S.A. and legislative measures adopted by quite a number of countries in the Middle East and in the South and Central Americas ensure adequate cargoes emanating to and from their respective countries to their national shipping. In view of this position, I hope that the progressive realisation of our claim for 50 : 50 share in the cargoes moving to and from India in the India-U.K.-Continent trade will receive due and proper consideration moving to and from India in the India-U.K.-Continent at the hands of our other conferers in the conferences.

LIAISON FOR GOVERNMENT CARGOES

Now that national lines provide a number of established services between India and many other countries, it is essential that these lines should be able to provide space for all cargoes ordered from other countries by or on account of various departments of the Union and State Governments and semi-Government or Government-controlled bodies or Corporations. To ensure a reasonable success in the achievement of this aim it is necessary that all such cargoes should, for the purpose of shipping arrangements, be canalized through one central co-ordinating agency, which should be established under the Director-General of Shipping.

INDIA-U.K. PASSENGER SERVICE

The T.S.S. "Jal-Azad" and T.S.S. "Jal-Jawahar" were withdrawn from this popular service for reasons mentioned in my speech last year. The U.K. passenger service is so highly competitive that very modern and speedy vessels are required to operate it, if we have to regain the prestige that this service has meant to the country. The Scindia Company has long experience and reputation in operating a number of passenger services on the Coast and in Overseas routes and they have operated this particular service at considerable sacrifice. It is our sincere hope therefore that, should Government at any time decide to resume this service with new vessels, their operation and management will be entrusted to this Company. The same remarks will apply in toto to any vessel that Government may wish to put into the Haj Service in future.

An attempt is made in some quarters to misinterpret the objective of Coastal Reservation, and it is suggested that old established companies should progressively go out of the coastal trade. Such a concept of the coastal reservation policy is entirely unwarranted, as it ignores the historic background of the long struggle put up, at considerable sacrifice, by Scindia with the co-operation of other National Lines to achieve this objective under which new-comers find themselves safe in home waters. The coastal sector must therefore realise that it is protected from foreign competition while the overseas sector has the Damocles' Sword of a rate-war all the time hanging over its head and has often to face the unequal competition of tramp tonnage. The Coastal waters must always remain the sheet anchor of Overseas tonnage.

TRAMP SHIPS

There is recently apparent in some shipping circles an interest in tramp tonnage as a basic constituent of a well-planned national mercantile marine. The futility of this approach will be realised if the history of the subject is borne in mind. Tramps were no doubt an important section, almost 50 per cent of British tonnage before the first World War. Tramp tonnage which had already fallen to about 30 per cent of British tonnage in 1935 was reduced in 1953-54 to about 15 per cent according to the annual report of the Chamber of Shipping of the U.K. So, today perhaps the only countries that have a sizable proportion of tramps in their national tonnage are Norway and Greece which have their own long maritime history. Almost all the other countries which have developed national mercantile marines on the basis of a well-conceived policy, viz. Germany, Italy and America, have made no special efforts to develop their tramp tonnage. It is thus abundantly clear that it would be prejudicial to an early growth of a national marine if India today proceeded to encourage tramp tonnage as a matter of definite policy, particularly as bulk cargoes of coal and ores, regularly shipped from India, are generally low-rated and their normal destinations are countries from which we do not obtain dry cargo in substantial quantities. It is sometimes stated that tramp tonnage can, in due course, be promoted into Liner trade, but it is forgotten that in these days of speed the fast liners will always outbid the tramps whose only saving factor lies in their low fuel consumption due to slow speed, which makes up for gaps in employment and voyages in ballast. Tramps are a dying breed.

SECOND OVERSEAS CORPORATION

It is reported that the Government are considering the launching of a second Shipping Corporation.

Properly conceived, it should help in adding to our mercantile marine; otherwise it might set the clock back. We would therefore urge Government to take the shipowners into their confidence by discussing the scheme with them prior to its finalization.

DOCK LABOUR SITUATION

Ever since the introduction of the scheme of Decasualization of Labour—introduced in Bombay in 1952, in Calcutta in October 1953 and in Madras in 1954—labour output has kept deteriorating continuously. This distressing situation has rightly received special emphasis by the spokesmen of all shipping interests. It is more in sorrow than in anger that I voice my agreement in the general demand for a re-orientation of the labour policy in the ports. I wish to make it clear at the very outset that although we may have considered the scheme premature for the conditions in the country, we have not at any time failed to recognize its objective, i.e. the betterment of conditions of labour with a view to achieving greater efficiency. There can be no quarrel with this objective. Indeed the Dock Labour Board Scheme lays it down in specific terms that the primary function of the Board is to take measures, inter alia, for "ensuring the full and proper utilization of dock labour for the purpose of facilitating the rapid and economic turn-round of vessels and speedy transit of goods through the port". The speedy turn-round of vessels is in fact the essence of economic operation. The facts speak otherwise. The receipt of benefits of minimum wages, attendance fees, leave, etc. the cost of which is borne initially by the stevedores but ultimately by the shipowners and consumers, has been answered only by a deliberate reduction in output by resort to "go slow" tactics. The output has been reduced to almost half, and in some cases even less. Thus the output of labour has decreased in the inverse ratio to the cost of handling cargo. Nor are the immediate employers, i.e. stevedores, in a position to control the worker, because the daily worker has under the Scheme ceased to be the direct employee of the stevedores. You would better appreciate the enormity of the loss involved by the following example. An average loss of about five days on account of poor discharging and loading operations in a round voyage—by no means a high figure in the present conditions of labour in various ports—would amount in the case of Scindia fleet to an aggregate loss of the order of 800-900 voyage days or equivalent of 2½ vessels. In other words, the delays result in a virtual immobilization of 2½ vessels, the maintenance cost of which would approximate to over 20 lakhs. I shall leave it to you to imagine what heavy loss we incur by reason of such delays for a fleet of the size which your Company owns. Government have at last realized the gravity of the labour situation and have appointed an Enquiry Committee to report on the working of the Decasualization Scheme at Bombay, Calcutta and Madras, to examine the difficulties experienced by the parties interested and to recommend modifications in the Schemes. We await the recommendations of this Committee and hope that they will remove the difficulties encountered by all concerned.

TAXATION POLICY

Gentlemen, even at the cost of taking a little more of your time, I wish to deal with certain important questions of taxation policy which seriously affect the replacement and expansion of shipping. It is well known that, since the second World War, the prices of industrial equipment and machinery have risen steeply. In the case of shipping, new capital equal to about four to five times the pre-war costs has to be found for replacement of old ships and for additions to the fleet. This is rendered particularly more difficult by the high rates of taxation and the manner in which some of the provisions of the Income-tax Act operate.

In 1946, Section 10 (2) (vii) of the Income-tax Act was amended. By this amendment, the sale-proceeds and the amount realized from underwriters for marine mishaps are being taxed. The shipping industry in particular has been hard hit by this amendment by the very nature of its assets and business. In other industries parts of machinery can be replaced and old machinery modernised; but old ships and ships which are lost at sea have to be replaced in their entirety. Therefore, in shipping, unlike other industries, there is a higher frequency of accidental total loss and of disposal of fully depreciated ships. This peculiar position makes the problem of replacement at heavy capital outlay serious as well as urgent for the Indian shipping industry. It is therefore imperative that shipping be exempted from the operation of this clause subject to the amounts realized from sales or from underwriters being utilized for further acquisition of tonnage.

In the United Kingdom and other maritime countries shipping is given favoured treatment in the matters of taxation. As a matter of fact, the Indian National Steamship Owners' Association have represented to the Taxation Enquiry Commission the question of granting Investment Allowances on U.K. lines and I do hope that the Finance Minister in his next Budget proposals will grant such an Investment Allowance to the industry in general or, at any rate, to the shipping industry by way of an exception because of its peculiar problems of replacement and also in the interest of maintaining an adequate and fully up-to-date mercantile marine. This recognition of the problem in the U.K. will serve to reinforce the claim of the Indian shipping industry for special treatment where the problems of replacement and expansion are even greater.

I wish to take this opportunity of referring to the question of pricing of the ships built by Messrs Hindustan Shipyard Ltd. for Indian shipowners. So far, the price charged to Indian shipowners for ships built at Vizag has been based on the U.K. parity price. However, the U.K. parity price, at present, is higher than the prices ruling on the Continent and elsewhere for comparable ships. In my view, therefore, if the Shipyard is to develop fully and secure good business in the future, it is only proper that Indian shipowners should be charged a price that compares favourably with the price ruling in the most competitive country at the time when the order is placed. I am sure this suggestion of mine will be considered quite fair and will receive sympathetic consideration of the Government. It has also to be remembered that the time taken for building a ship at Vizag Shipyard is much longer than in the U.K. and the Continent, with the result that our moneys are locked up for a considerably longer construction period.

The total finance required for the 10 fast ships is estimated to be about Rs. 10.5 crores. Your Directors have decided to provide, from the Company's own resources, approximately half of this amount for financing the entire cost of the 5 diesel ships under construction at Vizag and to the extent of 15 per cent of the cost of the other 5 ships that will be built abroad. The balance of the finance required, estimated at about Rs. 5¼ crores, will be raised by taking a loan from the Government. I am glad to inform you that the Government have decided to give us the loan at 2½ per cent per annum. The loan in respect of each ship will be repayable in 10 equal instalments, the first of which will fall due at the end of the third year from the date of delivery of the ship. I wish to thank the Government for providing assistance in this manner for financing new tonnage.

After our modernisation programme outlined above has been implemented, we shall have a total fleet (excluding our B.S.N. Line ships) of about 2,14,000 G.R. Tons consisting of 37 ships for the requirements of our various trades. The present is the opportune moment to review the progress which your Company has made since the termination of the War. Assuming that our fleet will be modernised according to plan, its growth during the post-war period of ten years can be seen from the following figures:

	Coastal and Overseas Fleet at the end of		
	1945-46	1951-52	1956-57
Number of ships ..	15	34	37
Total G.R.T. ..	69,934	2,00,348	2,15,000
Total D.W.T. ..	1,05,065	2,95,338	3,30,000
Average Age ..	23	13	11
Approx. Cost Value ..	Rs. 1.42 crores	Rs. 12.36 crores	Rs. 21.5 crores

Thus over a period of eleven years, new capital to the extent of nearly Rs. 20 crores will have been invested in additions to and modernisation of our fleet, out of which only about Rs. 5.5 crores will have been borrowed from Government. I have no doubt that this is an achievement of private enterprise of which any Company may well be proud.

The Scindia Company, from its very start, has shown daring enterprise and forthright initiative at a time when, under the domination of foreign rule, there was nothing but opposition not only from alien interests but also from the then Government of India itself. This enterprise and initiative we were able to put forth because we knew that we could always rely upon your co-operation and encouragement, particularly when we were fighting single handed to establish national shipping in this country. The economic history of India records the fact that in an era of crippling losses when British shipping interests offered to buy your shares at four times the market value, you stoutly refused to barter away national independence for mere cash. At immense sacrifice, your Company fought its way in the carriage of the Burma rice trade, the coastal passenger and the Haj trades. Not only did it go to the rescue of Indian passenger-carrying companies on the East and West Coasts of India but, on the West Coast, it "Indianised" the non-Indian Company which was fighting the entry of Indians in its domain. We were also largely instrumental, at sacrifice to ourselves, in the promulgation of the Bhore Award which enabled the small Indian companies on the West Coast to survive then and to prosper later. In an age when the concept of Indianisation was just beginning to manifest itself, the Scindia Company was not merely owned and controlled but also managed by Indians. The part that we played in the days of the alien Government in making the principle of Coastal Reservation popular among the public and in securing its acceptance by the Legislative Assembly, came to fruition on the establishment of the National Government. Before the establishment of the Indian Mercantile Marine Training Ship "Dufferin", the Scindia Company used to provide facilities for the training of Marine Officers and Engineers. It is the pioneering efforts of your Company that has brought into existence the National Shipbuilding Yard at Visakhapatnam. Soon after World War II, it carried the flag of Indian shipping in the Overseas trades by starting the services to U.S.A. in 1947 and to U.K. and the Continent in 1948. We have been the pioneers in establishing a passenger line on the international route between India and the United Kingdom. As you will doubtless recall, this was the first service operated by the Company with our first steamer, S.S. "Loyalty" and later resumed by our T.S.S. "Jalazad" and T.S.S. "Jaljawahar". The carriage of passengers in the first class comforts has been our practice not merely for distant destinations but, nearer home, to Burma and the East Coast of India as also along the West Coast of this sub-continent from Karachi to Cochin. We are also carrying a large number of passengers between India and East Africa and India and Malaya as Managing Agents of the Eastern Shipping Corporation, Ltd. In the sphere of insurance allied to shipping, it was at our instance that in 1952 there was established in India the Hull Insurance Market to which the Government have since diverted all hull insurance of Indian Shipowners. Finally, we have now a programme of reaching the target of about 2,15,000 G.R.T. by 1956-57. These vignettes from the history of the Scindia Company I have given here, not in any attempt at self-praise, but only to show how that history is resplendent with the courage, perseverance and self-sacrificing devotion to the country that have characterised the shareholders of the Company from its early days. Reflecting the appreciation by Mahatma Gandhi of Sheth Narottam Morarjee as combining "patriotism with commercial ambition", the Company and its shareholders have played a prominent part in laying the foundation and helping the development of the Indian Mercantile Marine which, it is hoped, at the end of the second Five-Year Plan, will exceed one million gross tons—a record of which you, forty thousand shareholders of the Scindia Company, representing private enterprise, can well be proud.

I also wish to express our appreciation of the manifold services rendered by Shri S. N. Haji who retired from service in June last and by Shri Dandeker who is no longer with the Company. Shri Haji may rightly be called the 'Father of Coastal Reservation' as he sponsored the Coastal Reservation Bill in the Indian Legislative Assembly as far back as 1928. During his association with the Company, Shri Dandeker showed outstanding and versatile ability and devotion to duty in all fields of our activities. Both these officers have served your Company truly well.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	393.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	350.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
March 1954 ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April „ c ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ c ..	343.2	441.0	355 6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July „ c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c ..	355.9	428 8	351.8	376.5	605.7	381.6	90.4	100 5	88.4	118.2
November „ c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
Week Ending										
8-1-1955 ..	312.0	437.4*	345.3*	374.7*	563.1*	365.0*	90.5	100.7	88.5	114.5
15-1-1955 ..	313.6	437.4	345.3	376.1*	566.9	365.9*	90.6	100.7	88.4	115.3
22-1-1955 ..	305.6*	430.9	344.3*	376.4*	567.1	362.1*	90.6	100.7	88.2	115.1
29-1-1955 ..	302.5	427.8	342.0*	376.5	571.8	360.0	90.6	100.7	88.3	115.8
5-2-1955	303.4	429.4	340.8	376.8	549.6	359.9	90.6	100.7	88.3	115.4

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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	239	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	138	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	—	—	138	327	408	—	—	341	—	—	—
1954 February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	139
November	344	361	227	139	325	387	—	—	337	146	139	—
December	341	358	217	135	321	369	—	—	337	—	—	—
1955 January	—	—	—	132	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 22-1-1955			12-2-1955			5-2-1955			29-1-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94- 5	92- 9	93- 6	95- 0	92- 7	93-14	92- 9	91- 2	92- 5	92- 0	91- 2	91-11
Silver (per 100 fine tolas)	164-15	162-12	163-14	165-14	161- 5	163- 9	161- 7	160-11	161- 1	161- 9	160- 3	161-1

PRINCIPAL STATISTICS OF RAILWAY OPERATIONS

I. ALL-INDIA RAILWAYS

ITEMS	1949-50	1950-51	1951-52	1952-53	1953-54
Capital at charge (crores) Rs.	813.07	838.18	861.57	868.55*	878.45
Route mileage as on March 31	34,022.29	34,078.94	34,119.44	34,274.98	34,405.58
Gross earnings (crores) Rs.	258.32	264.92	294.14	*272.28†	272.81†
Total working expenses (crores) Rs.	207.23	214.39	227.58	*219.99†	231.99†
Operating ratio per cent	80.17	81.02	77.37	*80.79†	85.04
Number of passengers originating (millions)	1,255.26	1,307.79	1,232.10	*1,212.09	1,220.40
Passenger miles (millions)	40,019.72	41,671.74	39,550.77	*37,396.27	37,548.57
Earnings from carriage of passengers (crores) Rs.	95.25	99.22	111.42	*101.83	101.35
Average earnings per passenger mile (pies) ..	4.57	4.57	5.41	*5.23	5.18
Freight tons originating (millions) ..	91.58	92.34	92.87	*98.37	99.36
Freight ton miles (millions)	25,464.68	27,007.52	29,017.66	*28,961.46	29,493.45
Earnings from carriage of goods (crores) Rs.	135.69	139.77	153.95	*143.81†	145.39†
Average earnings per freight ton mile (pies)	10.2	9.94	10.2	11.2	11.3
Total train miles (millions)	179.42	185.11	191.50	*191.34	194.81
Gross earnings per train mile Rs.	14.68	14.57	15.57	*14.23†	14.00†
Working expenses per train mile Rs. ..	11.78	11.79	12.03	*11.50†	11.91†
Net earnings per train mile Rs.	2.90	2.78	3.54	2.73†	2.10†
Net earnings per mean mile worked Rs. ..	14,973	14,515	19,260	*15,208†	11,870†

* Revised figures.
† Exclusive of the freight charges on carriage of railway stores, fuel, etc., which do not enter into financial accounts with effect from April 1, 1952.

II. INDIAN GOVERNMENT RAILWAYS†

ITEMS	1949-50	1950-51‡	1951-52	1952-53	1953-54
Capital at charge (crores) Rs.	727.18	803.82	830.53	833.06	843.33
Route mileage as on March 31	27,172.10	33,302.84	33,343.34	33,518.98	33,852.15
Gross earnings (crores) Rs.	238.32	262.57	291.85	270.09§	270.75§
Total working expenses (crores) Rs.	192.89	212.67	225.76	218.16§	230.18§
Operating ratio per cent	80.94	81.00	77.36	80.77	85.02
Number of passengers originating (millions)	1,138.47	1,279.36	1,203.73	*1,185.66	1,193.58
Passenger miles (millions)	36,322.30	41,159.38	39,030.20	*36,928.32	37,095.65
Earnings from carriage of passengers (crores) Rs.	86.04	97.83	109.88	100.38	99.92
Average earnings per passenger mile (pies) ..	4.55	4.56	5.41	*5.22	5.17
Freight tons originating (millions) ..	83.44	91.38	96.66	97.12	98.14
Freight ton miles (millions)	24,207.86	26,962.51	28,965.87	28,905.78	29,436.32
Earnings from carriage of goods (crores) Rs.	126.67	139.26	153.32	143.19§	144.77§
Average earnings per freight ton mile (pies) ..	10.0	9.90	10.1	11.1	11.3
Total train miles (millions)	161.27	182.01	188.92	*188.54	191.95
Gross earnings per train mile Rs.	14.78	14.67	15.67	*14.32§	14.11§
Working expenses per train mile Rs.	11.96	11.86	12.11	*11.57§	11.99§
Net earnings per train mile Rs.	2.82	2.80	3.56	2.75§	2.11§
Net earnings per mean mile worked Rs. ..	16,618	14,748	19,562	*15,440§	11,988

* 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'sState 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 April 1, 1950.
§ Exclusive of the freight charges on carriage of railway stores, fuel, etc., which do not enter into financial accounts with effect from April 1, 1952.

STATEMENT OF REVENUE RECEIPTS AND EXPENDITURE OF INDIAN GOVERNMENT RAILWAYS, 1955-56

(Figures in thousands of rupees)

	Actuals, 1953-54	Budget Estimate 1954-55	Revised Estimate, 1954-55	Budget Estimate, 1955-56
Traffic Earnings—				
a. Coaching—				
i Passengers—				
Upper	11,69,80	11,40,20	10,70,00	11,00,00
Third	88,29,96	90,10,97	91,10,00	93,50,00
ii Other Coaching	18,01,07	17,50,20	19,00,00	18,00,00
b. Goods	1,47,18,16	1,48,59,90	1,56,00,00	1,63,90,00
c. Sundry Other Earnings ..	5,17,47	5,07,20	5,30,00	5,70,00
Total	2,70,36,46	2,72,68,47	2,82,10,00	2,92,10,00
Suspense	3,92,81	56,93	70,00	40,00
Gross Traffic Receipts* ..	2,74,29,27	2,73,25,40	2,82,80,00	2,92,50,00
Working Expenses—				
Ordinary Working Expenses—				
i Administration	27,87,66	28,20,13	29,44,85	30,80,73
ii Repairs and Maintenance	68,08,56	66,72,96	70,73,86	74,11,96
iii Operating Staff	43,39,81	44,02,01	45,19,73	48,14,96
iv Operation (Fuel)	23,98,14	22,17,07	23,75,98	23,62,22
v Operation other than Staff and Fuel	13,95,97	10,01,60	10,57,99	8,87,15
vi Miscellaneous Expenses ..	18,64,34	19,93,72	18,12,96	16,37,88
vii Labour Welfare	4,03,30	4,20,54	4,23,76	4,81,68
Total	1,99,97,68	1,95,28,03	2,02,09,13	2,06,76,58
Suspense	1,49,53	—97,64	66,65	—16,16
Total Ordinary Working Expenses	2,01,47,21	1,94,30,39	2,02,75,78	2,06,58,42
Appropriation to Depreciation Reserve Fund	30,00,00	30,00,00	30,00,00	35,00,00
Payment to worked lines as share of earning	28,03	22,37	19,31	20,81
Total Working Expenses ..	2,31,75,24	2,24,52,76	2,32,95,09	2,41,79,23
Net Traffic Receipts	42,54,03	48,72,64	49,84,91	50,70,77
Miscellaneous Transactions—				
a. **Receipts—**				
i Guarantee recoverable from Local Governments for unremunerative lines	..	84	3,12	89
ii Other receipts from subsidised companies	3,76	3,19	1,80	2,54
iii Miscellaneous Railway Receipts	27,17	26,65	1,73	1,70
Total Receipts	30,93	30,68	6,65	5,13
b. **Expenditure—**				
i Rebate	..	10	10	..
ii Subsidy	6,81	7,77	7,38	8,19
iii Land	7	7	7	7
iv Surveys	—52	10,41	12,02	17,29
v Miscellaneous Railway Expenditure	1,49,14	1,58,89	1,56,83	1,60,70
vi Open Line Works-Revenue	4,37,98	6,62,19	6,61,74	5,68,32
Total Expenditure	5,93,48	8,39,43	8,38,14	7,54,57
Net Miscellaneous Receipts ..	—5,62,55	—8,08,75	—8,31,49	—7,49,44
Net Revenue	36,91,48	40,63,89	41,53,42	43,21,33
Dividend to General Revenue	34,35,77	35,49,85	34,96,32	36,07,16
Profit for the year	2,55,71	5,14,04	6,57,10	7,14,17

* Includes receipts of Worked Lines

The figures of actuals, for 1953-54 are exclusive offreight charges which were eliminated from financial accounts of Railways from 1-4-52 to 31-3-54.

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.

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THE Eastern Economist

VOL. XXIV. NO. 10. NEW DELHI: MARCH 11, 1955. ONE RUPEE

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The Taxation Enquiry Commission's Report

An enquiry has been described in its classical form as a "regular indigested piece". A report which appears in three volumes can hardly be put in the same category, but the report of the Taxation Enquiry Commission issued with the Budget papers conforms not a little to the classical essay. There are passages of great erudition and interest but the total effect of reading the report as a continuous piece emphasises nothing much as its irregular indigested character.

In a Special Article in this issue two central themes in which the Taxation Enquiry Commission seems to be in serious error are set out in some detail. These themes are the relation between the capital formation and consumption on the one hand and the volume of deficit financing as an element in development expenditure on the other. While there are moderate understatements here and there to suggest that the Commission was in two minds on both sub-

jects, the pattern of their recommendations leaves no doubt that they have failed to appreciate the precise context in which their recommendations were being made. Their view on capital formation and consumption flies flatly in the face of recent facts in India and the pattern of all dynamic economies. Their view on deficit financing is contrary to what is currently taking place.

The first error is that in the Indian economy a significant increase in capital formation can only take place by a restriction of consumption. This is so central a thesis in its application to development in underdeveloped economies that it is very apt to be considered a truism. So long as an underdeveloped economy is unable to raise its real income, it is a truism that additional capital formation must come out of restricted consumption. But how could the Taxation Enquiry Commission possibly conclude after India's experience between the years 1952 and 1954 that we were subject to a continuous stationary state? In the Special Article in this issue it is pointed out that even on their own estimates the rate of capital formation in India has risen significantly in the last three years without encroaching on consumption. And these figures do not state the whole case.

In point of fact, Indian capital formation has risen steeply only when production and consumption have risen steeply together. There is evidence enough from recent studies which have been made that capital formation rises much more from marginal increments of output than from cutting back consumption; indeed, when consumption is cut,—except under war conditions —there is a drop in savings because the increment of output falls back even more steeply and thus the sources from which additional savings come disappears. It is no accident that the rate of capital formation has risen steeply in the period of decontrol and was stagnant in the period of control. The main-spring for additional capital formation in India has been the increased opportunities for consumption.

More precisely, as the figures in the Special Article in this issue illustrate, India's rate of capital formation has doubled between the years 1948-49 and 1953-54. For the first three of the six years cited, capital formation was nearly stationary and so was consumption expenditure. This was largely because real national income was stationary at the same time. In the last three years when real national income was rising capital formation and consumption expenditure both rose steeply with it. If between 1950-51 and 1953-54 the rate of capital formation has risen by 4 per cent corresponding to an increment of 17 per cent in real income, one might be tempted to conclude that at least a fourth of the increment in national income was saved. In other words, whereas over the whole of our national income the rate of saving is now something like 8 per cent, on the increment to income in the last three years, the rate of saving has been something like 25 per cent and possibly even more. This high rate of saving was not accompanied by a fall in consumption for the increase at the same time in consumption was about three-fourths of the increase in real income. In other words at the present time it would appear that increments of output are divided between capital formation and consumption in the ratio of 1:3. Where there is an increment of output, saving and consumption rise together, so to speak, in double harness.

These figures in India merely illustrate what is obvious in the economic history of any other country that, so long as real income continues to rise, the expansion of investment can proceed pari pasu with a steep rise in consumption expenditure. There is evidence, that if the rate of capital formation should continue to rise as over the last three years, the whole programme of Rs. 5,000 crores contemplated in the second Five-Year Plan could be domestically financed, with a consumption rise all the time in absolute terms three times as much as saving.

This point is relevant to the second serious fallacy in the report of the Taxation Enquiry Commission. On pages 96 and 97 the Commission states "from a longer point of view the place which deficit finance can occupy in a programme of planned development cannot be a quantitatively significant magnitude in a country like India." As if to expose this dogma in all its naked error, the Finance Minister in his budget for 1955-56 proposes to resort to about Rs. 320 crores of deficit financing; this is over ten times the volume of new taxation and, incidentally, two and a half times the volume of new borrowing which is set at Rs. 125 crores only. Thus even for a short-term programme, about half as large as that contemplated in the second Five-Year Plan, we are using deficit financing to cover two-thirds of development expenditure. In other words whereas the Taxation Enquiry Commission considers that deficit financing cannot be a "quantitatively significant magnitude in a country like India" the Finance Minister has flatly ignored the Commission's precept and is obviously well set to employ it at a significantly higher rate to finance the second Five-Year Plan. He has, indeed, no other choice.

This is because there are serious practical limitations to tax increases in India. It seems to be the view of the members of this Commission that taxation in Indian conditions can be driven considerably further than at present without detriment, either politically or economically. The evidence on the Finance Minister's taxation proposals this year show how absurdly optimistic the Commission is in this respect. The volume of opposition raised to the Finance Minister's moderate proposals for raising less than Rs. 30 crores indicate that, unless our real national income rises significantly in the short period, it will be physically impossible to raise an equal volume of new taxation in the coming years. This is merely an indication that the prospects of additional taxation, however well supported by documented theory, will not be capable of practical implementation. In ignoring this fact the Taxation Enquiry Commission has merely receded to its ivory tower from which so many of its thoughts were obviously derived.

And thus the verdict on this report is an unhappy one. Vast labour and great erudition have gone into its making. The fine mind of the Chairman and many good minds of its members have been spent on a task whose importance to India's development it is impossible to exaggerate. But their contribution to the solution of India's programme must now be reckoned pitifully small. How has this happened? Almost certainly because of the failure of the authors of this report to keep in touch with the changes in the structure of India's economy which were taking place while they were thinking of data, dead and gone. Perhaps the Commission was appointed at the wrong time to an appreciation of these changing factors in the Indian economy. That is perhaps the kindest thing that can be said of this Report. Let its minor recommendations be accepted; let its philosophical errors be given the kiss of death.

The Verdict in Andhra

THE verdict of the people of Andhra in their first elections to the State Legislature has become something of a major political sensation. Until polling commenced for choosing the 196 members of the State Assembly, the prospects of the United Congress Front securing a working majority seemed just hopeful. The conditions which confused the electorate at the general elections in 1951 had changed. The Congress had, by creating the Andhra province, removed one major cause of frustration in the area. The distress which prevailed in Rayalaseema in 1951 due to a long spell of drought has since disappeared. In the rest of Andhra, which is surplus in food supply, the harassment caused by food controls in procurement and prices was ended by decontrol in 1952 on Rajaji's wise initiative in the composite State. Finally, there was no longer bitter hostility to the Congress Party from two splinter groups—the Krishikar Lok Party and the Praja Party—which had seceded from the Congress on the eve of the last general elections. Their uneasy coalition with the Congress in the first Andhra Ministry matured before the elections into a United Congress Front against the main body of Communist opposition. When the Ministry fell on a no-confidence vote, the people of Andhra had been left in no doubt that a stable Government in the State was an absolute necessity for further progress and that the choice lay mainly between the Congress, which has shown a record of impressive progress in India in the last three years, and the Communists.

Thus the appeal to the electorate in this new context created subdued optimism. Meanwhile, the Avadi Session of the Congress focussed attention on the goal of a "socialistic pattern" of society. By reaffirming that the Congress was no less eager to move in the direction of social justice, this slogan was expected to attract the support of all but an extremist section of the Left. The electioneering campaign justified most of these expectations, but the circumstance that the Communists also felt optimistic during their campaign indicated the possibility of their being returned in substantial strength in Opposition as before. The intensity of the electioneering in Andhra in the last few months was revealed in the high percentage of the polling, which was nearly 80 per cent of the electorate and as high as the turnout in an area with a high ratio of literacy like Travancore-Cochin. The political education of the Andhra people has certainly been taken a long step forward in this process. The results are, therefore, of very great importance for an appreciation of future political trends in Andhra and elsewhere in the country.

By capturing 146 seats out of the total 196, the United Congress Front has surpassed its own expectations. The elimination of the splinter groups through a united front and the smaller number of independent candidates who formerly split the Congress vote and let Communists win—proved as important for the present victory as the influence of the more favourable political climate. This overwhelming victory has now induced the K.L.P. and Praja parties to decide to merge, as of old, with the Congress without conditions. The Communist rout, however, is still the puzzling feature of the results. Communist candidates have now won only 15 seats—which is a decline from 32 to 8 per cent of the total strength of the State Assembly—for a total vote which has shown a considerable increase over that obtained by them at the last elections. It is necessary that the implications of this development should be fully realised.

Of 11 million eligible voters in Andhra, 8.6 millions have exercised their franchise. Only half of them cast their vote for the Congress front while more than a million votes have gone to Independents who, by and large, may be regarded as either pro-Congress or at least as not wholly opposed to the Congress Party. Considering that the Jan Sangh, with its appeal to a conservative outlook, has been ridiculed out for barely 8164 votes (with forfeiture of deposits in all contests), it is clear that a Rightist party has no place in the area. The Avadi resolution should therefore, have contributed considerably to the strength of the Congress. At the same time, the Congress was not merely on its defence. It had carried its attack into the Communist camp by publicising not only Pravda's praises of India's achievements and her domestic and foreign policies but also pointed out the contemporary instabilities and contradictions of the Russian regime. If in spite of these advantages the Communist vote has reached the total of 2.7 millions (or 31 per cent of the votes against 1.4 millions or 18.6 per cent in 1952) there is certainly no room for complacent assumptions about the decline of Communist influence. Indeed, there is evidence that except in Krishna district and in Rayalaseema, Communist votes have increased between 10 to 20 per cent.

These 2.7 million votes may not constitute the hard core of Communist membership or even of its influence. It is an impressive total and it is unlikely that it will be reduced much further in future except through a long-term demonstration of the concrete benefits of Congress rule. In the short term, with the general elections less than two years away, this degree of Communist support can prove to be a source of danger if the Congress as a ruling party creates room for discontent by its own internal squabbles or by its failure to fulfil even the modest promises for ameliorative measures. In a smaller turnout of voters—which may happen when enthusiasm is not kept at this high pitch —Communists' methods of organisation may succeed in maintaining this number of votes, making the reduced poll tell on their opponents. In that event, the electoral distortion by which the Congress has now secured three-fourths of the seats on half the total vote may similarly operate to the disproportionate benefit of its opponents.

The Congress has, therefore, only earned for itself a severe testing period for the next two years. As a homogeneous party with a stable following, it can now have no excuse for making weak political compromises in building up the new Andhra State. Andhra politicians have not shown in the past great capacity for co-operation because they had often pursued personal differences to bitter conclusions. All this has to change in the new context in which Congressmen and Communists have polarised the politics of the State so as to make the latter the resort of all those dissatisfied with the former. The Praja-Socialist Party, with only 13 members, has shown itself singularly incapable of acting as a strong rival to the Communist Party in attracting the opposition vote. It has sought to thrive only by dividing the pro-Congress support, thereby causing confusion all round; this role has little justification in the present state of politics in the country. On the Congress Party, therefore, rests the responsibility for the stabilisation and consolidation of the present position. Economic development at a rate which could bring tangible benefits to the Andhra voter in terms of welfare or social justice will not now be hampered by want of resources or political stability or for lack of guidance from the top leadership. It can be hindered by lack of cohesion and this is the greatest enemy to guard against.

Section 23-A: The Boomerang?

CONSIDERABLE excitement has been displayed on second thoughts on the provision in the Finance Bill which proposes to amend Section 23-A of the Indian Income-tax Act. Section 23-A governs the volume of profits which shall be distributed in respect of private companies. The present clause 15 of the Finance Bill substitutes a new section for the existing Section 23-A of the Income-tax Act which already contains provisions for preventing avoidance of super-tax by shareholders by accumulating profits in the hands of a company. The amendment provides that companies falling under Section 23-A shall pay super-tax on undistributed income at a flat rate of 4 annas per rupee. This super-tax is payable in addition to the income-tax in the ordinary course and the shareholders of such companies do not get any credit for these payments in their assessments.

The purpose of this clause was indicated by the Finance Minister in his Budget speech in which he referred to the point that there was a tendency to use the existing provisions to evade payment of super-tax. But the manner in which it has now been applied has produced a remedy worse than the original disease. In the first place, it has not been generally realised that a blow has been struck against capital formation not merely in private companies, but also in public companies where slightly less than 50 per cent of the voting power is in the hands of the public. If this percentage is less even for a particular day in a year or even if less than six persons hold such voting power a public company becomes a private company for purposes of taxation under this section. This follows the recommendation of the Taxation Enquiry Commission in Chapter XI of Volume II of its report.

Rejecting representations by the business community for the repeal or substantial modification of existing Section 23-A, the Taxation Enquiry Commission had proceeded to make suggestions for tightening up its loopholes, giving little consideration to the practical consequences of its recommendations. Public companies, which are now excluded from the scope of Section 23-A if only 25 per cent of the voting power is with the public, will now have to ensure that a majority of interest should be with the public throughout a particular year and that it should held by not less than six persons. The definition of a person has also been enlarged so as to exclude members of the same family being treated as different persons to make up the required numbers. The case for business men before the Commission was that even the existing minimum of 60 per cent for distribution of profits of private companies was high should be substituted by a suitable formula which took account of the reasonable needs of business for reserves. Such formula would have been consistent with the practice adopted in the United Kingdom and in the United States of America, where the discretion of the management is not seriously distrusted. No adequate reason has been given by the Commission for rejecting this suggestion except that it would involve litigation and controversy.

Even if we do not seriously consider the fate of investment companies or other similar bodies, which have become liable to a cent per cent distribution of profits, the effects of this new deterrent to capital formation in the case of industrial and processing companies, which have to accumulate reserves from out of profits in order to face future losses as well as the expansion, cannot be minimised. It has not been denied by the Taxation Enquiry Commission that a more flexible definition would promote the interests of such companies but its refusal to consider foreign practice was based on the administrative difficulties involved and, therefore, makes the convenience of the taxation authority almost the sole criterion of assessment.

The Taxation Enquiry Commission was primarily concerned with preventing the use of funds created out of undistributed profits for consumption or other expenditure unconnected with the business. This laudable object could well have been achieved by measures designed to check such abuse without affecting capital formation. The virtual ban on the accumulation of reserves beyond 100 per cent of the paid-up plus loan capital has already been a serious limiting factor for industrial and trading companies which seek to expand their operations. Till now, however, the existing flexible definition of paid-up capital, which includes capitalised reserves, had helped such companies to get over the difficulty through the issue of bonus shares. By now excluding such capitalised reserves from this definition, the ban has been extended to the accumulation of profits for any purpose. It is no answer to say that the companies can pay the tax and plough back the balance if they choose. The point is that an existing incentive for such action is being deliberately withdrawn.

Quite apart from the deterimental effect such a policy will have on capital formation in private companies, there arises an opportunity for wild speculation as a result of this amendment. Bull Syndicates not at present holding fifty per cent of shares in a particular company can make a bid (with five or fewer persons) to secure shares exceeding 50 per cent and compel the management to distribute the dividend on at least 60 per cent of profits thereby raising the price of those shares. After this operation the Bull Syndicate could sell out and operate on another company and, therefore, a wild chain reaction of speculation can arise in which speculators can compel the management in every case to distribute dividends in this form. It is a surprising matter that the Finance Department of the Government of India has not yet seen the significance of this particular clause. That the Taxation Enquiry Commission failed entirely to see the implications of its recommendation is an additional illustration of its unawareness of the conditions of the market places.

In view of the fact that capital formation is certainly to be greatly injured in this process, the Finance Minister surely ought not to continue to request the Parliament to pass the amendment in its present form. A serious error in judgement has taken place in which the Taxation Enquiry Commission, the Central Board of Revenue and the Finance Minister of India must be considered equally responsible. Curiously, as was pointed out in the Budget Number of 'The Eastern Economist,' they must be strangely unrealistic about the effect of this amendment. While there is thus the determined effort to force the distribution of dividends, it is apparently assumed that this determined effort will be inoperative, because no additional tax receipts are claimed under this head. It is necessary that at least the speculative tendencies indicated above should be checked.

THE WEEK'S NOTES

THE FORMOSAN PREDICAMENT

In London as in New Delhi, Sir Anthony Eden underlined the grave nature of the Formosan issue and declared that he could not see any hope of a conference taking up the Formosan issue for discussion. So long as there was no provocation to use force in the present situation, there would be hope for localizing conflicts in the Formosan waters. There is continuing speculation over whether British policy is diverging from American policy sharply or is trying hard to narrow differences in order not to let the Communists divide the solidarity of the Western World. Both Sir Winston Churchill and Sir Anthony Eden have conceded that Quemoy and Matsu belong to the Chinese mainland and it is difficult to take any other stand since the legal uncertainty surrounding Formosa and the Pescadores (because of the Potsdam declarations) does not have any application to these coastal islands. And yet, recent statements of Mr. Dulles have been emphatic about retaliation against all aggression. The American position still seems to be that unless China agrees to renounce force to recover Formosa, Quemoy and Matsu will not be evacuated. The question is whether, if China persists in using force, the U.S.A. will "go alone" in defending the islands, or whether her allies will eventually have to join, if only to counsel moderation.

An interesting issue was raised in the Indian Parliament last week when some members took a different stand on the statement in the President's Address that India recognised Formosa as part of China, Mr. Kunzru in particular, asked whether the Indian Government, which had formerly conceded that in respect of Goa and the French possessions the wishes of the inhabitants should be consulted, should not apply the same standards to the Chinese claims on Formosa. The feeling in these circles is that the Government has shirked this issue because it would offend the Chinese who will not understand the validity of the principle involved. It is said that if there were a fair plebiscite in Formosa, it would secure a clear verdict for independence as the majority of Formosans are sick of both Chiang Kai-shek and the Communists. There is, however, a distinction between the Indian stand on foreign possessions and the present Chinese claim to Formosa. The inhabitants of foreign pockets in India have a voice in choosing between their present rulers exercising sovereignty on the basis of conquest and India which is contiguous, and with which cultural affinities are closer. In Formosa, that choice is not open because Japanese sovereignty based on conquest has already been relinquished and de facto cession to China has already taken place, with the further complication that the parties have been engaged in a civil war.

HULLABALOO IN LANCASHIRE

For a former President of the British Board of Trade, Mr. Harold Wilson's speech in the Commons on the situation in Lancashire can hardly do credit even when allowance is made for the fact that he was only a slave to political expediency. He repudiated any desire to become protectionist; it would have made his case straightforward if he had. The old citadel of free trade and the cloth-makers of world repute were represented by Mr. Wilson as shaking with uncertainty because about 5 per cent of the home market has been invaded by a narrow range of Indian qualities! The fear, Mr. Wilson said, was that Indian imports may go on increasing. He does not appear to have repeated the argument about Indian subsidy to raw cotton but he did regard Indian competition as involving "real unfairness" because the Indian producer bought his raw cotton cheaper! The remedy he could suggest was a buying agency which would restrict the imports and he was sure that such a proposal would not be contrary to international obligations. Perhaps, not. Indeed such a precedent would suit many countries, which are now importers of British goods, extremely well. But Mr. Thorneycroft was quick in dismissing Mr. Wilson's proposal as an unworthy "subterfuge".

Lancashire will continue to present a political problem and since officially there is little support for the theory of Indian subsidy to cotton there is very little to be done about it. The only course open to the British is to urge the reduction of Indian import duties. But neither the British manufacturer nor the Board of Trade can overlook that such a reduction would not as a matter of course involve a benefit to British exports since other textile exporters would also become entitled to the lower duty. The reason for the decline of British cloth exports by 270 million yards since 1949 is this growing competition in the common markets and British exports will only decline still further if Indian grey cloth, which is now processed and re-exported, is also kept out. The situation does not permit clear-cut courses of action and Mr. Thorneycroft has wisely refrained from simplifying the issues. He was thereby only safeguarding the interests of the rest of British industry which has refused to be stampeded by Lancashire's uproar into accepting shortsighted remedies.

CONVULSIONS WITHIN BRITISH LABOUR

The British Labour Party is once again being shaken by convulsions within. In the last few years it has survived many such crises but the present situation seems full of serious possibilities. Mr. Attlee has now been urged to take up a more uncompromising attitude to Mr. Bevan. Right-wing support will undoubtedly help him to have his way and throw out Mr. Bevan but what will become of the Party? Even if a minority should split as a result of Mr. Bevan's expulsion, the consequences may be serious to a party which already finds itself deprived of any distinctive policy better suited to the British position in economic and international affairs. This year has been widely regarded as British election year and the consequences of a split now can be as serious to Labour's future as the crisis of the Thirties. It is difficult to say that the expulsion of Mr. Bevan would be followed by complete unity within the Party since Bevanism helps to keep within certain elements which would like Labour to play a bolder role on major international questions. Mr. Bevan serves as a convenient mouthpiece for such occasions though he is only acting suo motu.

The extremism of the Bevanist outlook is only the reverse of the Socialist medal. It points to the diminution of Labour's role at the present time in the progress towards the objectives of prosperity at home and influence abroad. The Conservatives have shown great aptitude in picking up the more liberal and progressive lines of Socialist policy without being encumbered by its doctrinal fads. This suits the electorate in Britain quite well for the present. On foreign policy, there is very little that Labour has to say on the main issues. The public has a right to refuse to look beyond these issues to discover special virtues in Labour. Meanwhile the Bevan drama provides good excitement and if it weakens the Labour Party, it would not be bad, unless the Tories get so spoiled by Labour's weakness as to abandon their present cautious course.

STRENGTH OF STERLING

The Sterling Area's gold and dollar reserves fell by $82,000,000 during February, and at the end of the month stood at $2,681 million, states a Treasury announcement in London. During the month defence aid

from the U.S.A. amounted to $15,000,000; some $6,000,000 were received from the European Payments Union (EPU) in respect of January, and $2,000,000 were paid to creditors of the Union in bilateral settlements. Provisionally, the U.K. had a surplus of £2,000,000 with EPU in February, which will fall to be settled in March as to 50 per cent in gold or dollars, and as to 50 per cent by reduction of the U.K.'s debt to the Union. It is pointed out that the fall in the gold and dollar reserves is sufficient explanation, after the event, for the measures taken recently by the Chancellor of the Exchequer, Mr. R. A. Butler, notably the raising of the Bank Rate.

Too short a time has elapsed for the results of those measures to have shown themselves in the monthly reserves figures, but it is probable there was a good inflow of dollars in the last two or three days of February.

There were two objectives behind the recent measures: first, to strengthen sterling immediately in foreign exchange markets; and, second, to deal with the fundamental balance of payments, which has recently shown an unfavourable trend. It is clear that the immediate objective of the exercise—the strengthening of the transferable sterling rate—has been successful. The discount which made commodity "shunting" by foreign operators profitable has been eliminated. Transferable sterling went from 2.72 dollars to 2.75 dollars overnight. Similar immediate results are not expected in respect of longer-term correctives.

BOGEYS ON BROADCASTING

Dr. Keskar's reply to the debate on the private member's resolution on broadcasting has few parallels for confusion in argument. It was open to the Minister to say that the Government was reluctant to let go its power over an important medium of propaganda and dissemination of information. Whatever the other merits of such a contention, it would have been honest and straightforward. In trying, however to find arguments for an untenable position the Minister horribly contradicted himself on points and employed arguments which are an insult to the public intelligence. He urged that the employees will have no security of service—as if such security was the primary goal of broadcasting policy, even accepting the doubtful premise that they now have security and that service under the corporations now in existence is now precarious. Next, the Minister conjured up the spectacle of Parliament losing control, though he believed his own executive power would continue to exist. Is there some new Constitutional principle, overriding Article 73, by which the executive power can exceed legislative powers of Parliament?

The prize argument, however, is the bogey raised about big commercial interests being anxious to take control of broadcasting for selling their wares. Does not the BBC's Charter now protect it from such conspiracies and cannot similar protection be of avail against these commercial interests? Then came the coup de grace that a public corporation was not necessarily an independent corporation. It need not be so, but how independently a corporation would function would depend upon the extent of interference, the measure of autonomy consistent with safeguards that is conceded and the calibre of the persons chosen to administer the corporation. What the resolution urged on the Government was that steps should be taken to create such an independent corporation—not to present a tale of imaginary difficulties and possibilities which do not make sense. There is nothing to prevent development of programmes or the grant of subsidies to desirable programmes. There is imperative need to rid the AIR of departmentalism which is now affecting its day-to-day activities.

JARDINE HENDERSON, LIMITED.

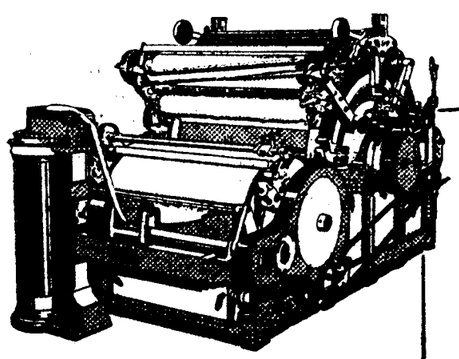
NOTICE is hereby given that an Interim Dividend at the rate of 2¾ per cent, less Indian Income-tax thereon, will be paid to the Registered holders as on the 6th April, 1955, of the 50,000 Cumulative Preference Shares of Rs. 100 each in the Company in respect of the year ending 31st March, 1955.

The Share Transfer Books of the Preference Shares will be closed from the 22nd March, 1955, to the 6th April, 1955, both days inclusive.

By Order of the Board,
D. FORDWOOD,
Secretary,

4, Clive Row,
Calcutta 1, 28th February, 1955.

MMC revolving flat cards



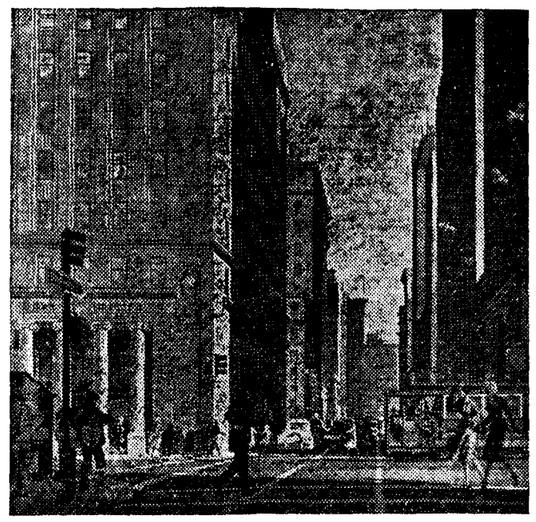
are now being extensively used in Textile Mills in India.

Outstanding features

1. Five distinct setting points, used singly or in combination, to control setting to .001 inch.
2. Johnson bronze bearings, for cylinders and doffers. Roller bearings to cylinder; ball bearings to doffer and ball bearing comb box also provided as optional equipment.
3. Ball bearings to licker-in pedestals.
4. Self-lubricating 'Olite' bearings at several locations.
5. William's patent stripping motion for flats.
6. Drop lever with new disengaging handle.
7. Fluted lap roller with positive gear drive from feed roll helps uniform feed of lap at the back with minimum possible stretching.
8. Cards can be geared for any production in a mill organisation.

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PSMMC-2 A/A



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Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1954
(Figures of Overseas Branches are as of December 24, 1954)

RESOURCES

Cash and Due from Banks	$ 1,456,524,519.87
United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,330,573,393.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,366,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,038,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,355,289.49

LIABILITIES

Capital		$ 150,000,000.00
Surplus		200,000,000.00
Undivided Profits		111,140,888.22
Reserves		5,455,800.10
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$ 4,192,260,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		278,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,355,289.49

Main offices in the two Reserve Cities of California
SAN FRANCISCO • LOS ANGELES
MEMBER
Federal Deposit Insurance Corporation — Federal Reserve System

Bank of America
(International)
Home Office—New York, N. Y.
A wholly-owned subsidiary

Condensed Statement of Condition December 31, 1954

RESOURCES

Cash and Due from Banks	$ 35,982,847.86
United States Government Obligations, direct and fully guaranteed	30,388,414.80
Other Securities	49,974.63
Loans and Discounts	86,809,187.82
Accrued Interest	334,154.75
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,539,140.00
Other Resources	397,441.42
TOTAL RESOURCES	$188,406,334.06

LIABILITIES

Capital	$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	943,553.55
TOTAL CAPITAL FUNDS	$ 13,943,553.55
Reserve for Possible Loan Losses	807,599.64
Deposits	136,358,914.32
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances	
Bills and Notes	46,922,451.61
Reserve for Interest Received in Advance	231,628.99
Reserve for Interest, Taxes, etc.	332,485.96
TOTAL LIABILITIES	$188,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

BANK OF AMERICA (INTERNATIONAL), New York
a wholly owned subsidiary

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REPRESENTATIVES: New York • Mexico City • Milan
Paris • Zurich • New Delhi

SUN LIFE OF CANADA SETS NEW RECORDS

LEADS ALL CANADIAN LIFE INSURANCE COMPANIES IN 1954

Last year, policyholders purchased from the Sun Life Assurance Company of Canada a record volume of new life insurance which exceeded Rs. 258 crores, bringing total insurance in force with the Company at December 31, 1954 to more than Rs. 2,236 crores. The 84th Annual Report to the holders of over two million Sun Life policies and Group certificates reveals that benefits paid in 1954 amounted to Rs. 49,75,97,537, or an average of over Rs. 19 lakhs each working day. During 1955, over Rs. 9 crores will be distributed to policyholders in dividends, again reducing the cost of life insurance to holders of participating policies.

84 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*
1879	Rs 55,25,411	Rs 1,34,54,753	Rs 94,811	Rs 3,91,222
1894	3,56,47,311	11,67,72,481	13,42,174	1,09,46,933
1909	7,96,63,573	48,11,81,741	1,04,59,941	8,61,72,515
1924	50,91,34,752	326,51,59,026	11,89,80,144	68,27,29,641
1939	71,91,91,926	1088,32,52,792	33,30,65,641	479,86,48,414
1954	258,11,36,241	2236,46,12,574	49,75,97,537	1061,59,12,385

FINANCIAL STATEMENT AS AT DECEMBER 31, 1954

ASSETS

Bonds—Government, municipal, public utility and other		Rs. 468,13,77,644
Stocks—Preferred and guaranteed		10,51,64,637
Stocks—Common		36,98,18,000
Mortgage loans on homes, industrial plants, etc.		119,75,70,278
Real estate—Company buildings		4,13,20,252
Real estate—Held for investment		4,85,63,130
Loans to policyholders on their policies		30,16,43,193
Outstanding premiums		5,56,43,467
Interest and rents due and accrued		6,67,68,318
Cash		7,52,10,911
Other assets		1,97,57,444
		Rs. 694,89,37,274

LIABILITIES

Actuarial liabilities:		
Insurances	Rs. 395,92,44,589	
Annuities	155,75,30,641	Rs. 551,67,75,230
Policy proceeds and other amounts left at interest for future distribution to policyholders and beneficiaries		64,50,10,196
Reserves on Company pension plans		4,42,08,156
Death claims reported for which proofs had not been received at December 31st		3,64,09,270
Provision for unreported death claims		1,07,59,615
Matured endowments, annuity and dividend payments awaiting discharge		2,30,02,274
Dividends payable to policyholders during balance of dividend year and dividends contingently allotted		7,42,74,233
Taxes and expenses due and accrued		2,36,25,852
Miscellaneous liabilities		5,19,18,937
Investment reserve		3,70,37,037
Accident and sickness insurance fund		14,22,385
Capital stock Rs. 74,07,407 and Shareholders' account Rs 89,43,545		1,63,50,952
Contingency reserve	Rs. 5,55,55,556	
Surplus	41,19,87,031	46,75,42,637
		Rs. 694,89,37,274

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 0.27 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 policyholders from branches situated in strategic key centres around the globe. IN CANADA: 50 offices ... INTHE UNITED STATES: 56 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 ... and 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.

WORLDGRAM

FINANCE

India's Low-Income Group Housing Scheme: A statement laid before the Parliament showing the loan assistance indicated as likely to be available to different State Governments under the Low-Income Group Housing Scheme for the rest of the first Five-Year Plan period, revealed the following amounts of money as allocated to the various States: Assam, Rs. 10 lakhs; Bihar, Rs. 10.0 lakhs; Orissa, Rs. 3.0 lakhs; Punjab, Rs. 300.0 lakhs; U.P., Rs. 300.0 lakhs; Hyderabad Rs. 100.0 lakhs; Madhya Bharat, Rs. 15.0 lakhs; Mysore, Rs. 100.0 lakhs; Pepsu, Rs. 15.0 lakhs; Rajasthan, Rs. 100.0 lakhs; Saurashtra, Rs. 25.0 lakhs; Bhopal, Rs. 10.0 lakhs; Delhi, Rs. 200.0 lakhs; Kutch, Rs. 3.2 lakhs; Vindhya Pradesh, Rs. 9.0 lakhs. The total amounts to Rs. 1,200.2 lakhs.

*

New Excise Duties in India: With the introduction of the Finance Bill, 1955, in Parliament on February 28, 1955, the following commodities produced in India become subject to a Central Excise Duty of 10 per cent 'ad valorem' with effect from March 1, 1955: (1) Woollen fabrics, (2) Sewing Machines, (3) Electric Fans, (4) Electric Lighting Bulbs and Fluorescent Lighting Tubes, (5) Electric Storage Batteries, (6) Electric Dry Batteries, (7) Paper (excluding Newsprint), Pasteboard, Millboard, Cardboard and Strawboard, and (8) Paints and Varnishes. Stocks of the foregoing commodities in existence at midnight of February 28-March 1, 1955, at the manufacturing premises, or in any premises appurtenant thereto, were also made liable to the new duties.

*

Grants for Natural Calamities in India: Seven States were given Central grants in 1953-54 on account of natural calamities. Assam was given Rs. 8.07 lakhs; Bihar 90.00 lakhs; Bombay 9.00 lakhs; Madras 20.15 lakhs; Rajasthan 10.16 lakhs; Uttar Pradesh 4.23 lakhs and Madhya Bharat 1.00 lakh, etc. All the State Governments have been informed that they could claim a grant of half the total expenditure on gratuitous relief up to Rs. 2 crores, and three-fourths of the expenditure in excess thereof in 1954-55. No final payments, however, had been made to the States so far, as replies were still awaited from them.

*

Construction of New Aerodromes in India: It was announced in Parliament that the construction of three new aerodromes in India—at Chandigarh, Kandla and Udaipur—is under way and that every effort was being made to complete the construction of the aerodromes during 1955-56. A statement showing the progress of various works in hand at the Agartala airport reveals the construction of staff quarters had already been completed at an estimated expenditure of Rs. 3,35,000. Sixty-eight per cent of the work on electric supply mains was over, and the work was expected to be completed by the end of 1955 or early 1956 at an estimated expenditure of Rs. 1,35,700. The construction of apron was in progress, the estimated cost being Rs. 2,26,000, while tenders had been accepted for the construction of the hangar and apron, the cost of the work being estimated at Rs. 2,91,000. Tenders had also been accepted for the construction of taxi-tracks and roads. These were estimated to cost Rs. 1,13,700. Indents had been placed with the Director-General of Supplies and Disposals for runway lighting, the estimated expenditure being Rs. 3,00,000. All these works were expected to be completed by the end of 1955 or early 1956 and their total estimated expenditure was Rs. 14,00,400.

*

Short-Term Accommodation for State Co-operative Banks in India: The Reserve Bank has extended the period, widened the scope and liberalised the procedure for obtaining short-term accommodation at concessional rates to State Co-operative Banks. There was a steady increase in the utilization of these facilities and the State Co-operative Banks had so far availed of a total amount of Rs. 14.71 crores in 1953-54. The Reserve Bank Act was recently amended to enable the Bank to grant medium-term loans and large funds were being allotted for this purpose under the Grow More Food Scheme through the State Governments. The Reserve Bank organised a comprehensive Rural Credit Survey, the report of which was published in December, 1954. The recommendations of this Survey envisaged a vast expansion of credit facilities in the rural areas and one of its most important recommendations relating to the State Bank of India had already been accepted by the Government.

INDUSTRY

Electricity From Hirakud Project: In reply to a question regarding the consumption of electricity generated by the Hirakud Dam Project, the Deputy Minister for Irrigation and Power stated in the Rajya Sabha that no electricity has so far been generated from the Hirakud Dam Project. According to the present programme generation of electricity will start from August 1956 when one unit of 24,000 K.W. will go into commission. The latest load forecast of the State Government indicates that power from the first stage of the Project (85,500 K.W. from capacity) is likely to be fully utilised by the end of 1957-58.

*

Progress of Bhakra-Nangal Project: The progress made so far in regard to the consumption of electricity from the Ganguwal Power House of the Bhakra-Nangal Project is as follows: (i) About 4,000 K.W. of power is being utilised on the construction works of the Bhakra Dam. (ii) About 2,000 K.W. of power is being distributed from Dhulkot Grid Sub-station partly to Chandigarh, Kharar, Kurali and Rupar (in the Punjab) and partly to Patiala, Rajpura and Nabha (in PEPSU). (iii) About 2,500 K.W. of power is being distributed from the Panipat Grid Sub-station to Karnal, Indri and Jagadhri towns. (iv) The 132/220 KV line between Panipat and Delhi is in the course of construction and is expected to be completed by the middle of April 1955. Temporary arrangements will then be made to give bulk supply to Delhi to the extent of about 10,000 K.W. (v) The 132 KV line from Panipat to Hansi is nearing completion and temporary arrangements will be made shortly to give supply of power to Hansi and Hissar. (vi) The 132 KV link line between Ganguwal and Ludhiana is also expected to be completed shortly when supply of power will be made available in Ludhiana-Jullundur area to supplement the Uhl River power.

*

Survey of Power Requirements in India: The Ministry of Irrigation and Power is shortly undertaking a systematic survey of electricity requirements through the country. The field parties will, in the first instance, operate in areas to be served by projects proposed to be taken up in the near future, extending their activities to adjacent areas as the work in each area is completed. It is proposed to cover the entire country as expeditiously as possible. This survey will be carried out periodically. A quarterly bulletin reviewing the power position in the country will also be issued by the Ministry. This will indicate the power availability position in the various systems and will be in the form of a supplement to 'Bhagirath', a journal published every month by the Central Water and Power Commission.

Research in Industrial Problems in India: Refining of *Nim oil*, preparation of sugar-cane wax and the synthesis of Vitamin 'A' were some of the items of research relating to industrial problems which are being studied at the National Chemical Laboratory, Poona. The Laboratory is also conducting research in the preparation of Citric acid by fermentation process and the microbiological sulphur process and the derivatives of ethylene. Physical properties and the chemical composition and their effect on the calcination of lime-stone, the stability of bleaching powder and the influence of impurities and a process to produce carbon tetrachloride by cholorination of sewage gas, are also being studied at the Laboratory. Other items being studied at the Laboratory are the preparation of carbon black, production of dicalcium phosphate, preparation of water dispersible D.D.T., collection of industrial micro-organisms, synthesis of musk like seromatics from Indian vegetable oils and the study of some Indian essential oils.

*

Encouragement to Form Industrial Co-operatives: The Central Government have advised all State Governments to encourage the formation of Industrial Co-operatives and to furnish schemes for financial assistance. Schemes had so far been received from Travancore-Cochin, Hyderabad, Madras, Uttar Pradesh, Madhya Bharat, Bombay, Orissa and Delhi. Financial assistance totalling over Rs. 29,11,000 had been given to these States.

*

Subsidiary Industries Around Rourkela: A number of subsidiary industries are expected to develop around the proposed Steel Works at Rourkela in Orissa. A large area contiguous to the Steel Works and the township is proposed to be reserved for the location of these industries. A stretch of land lying between Rajgangpur and Panposh near Rourkela, is proposed to be reserved for location of industries in future. Rajgangpur already has a large cement factory and a large factory for refractories is being instituted. A malaria survey of the Rourkela area has been started by the officials of the Directorate-General of Health Services, Government of India. The Hindustan Steel Limited has also started an enquiry regarding the capacity of the indigenous structural engineering industry to find out to what extent its requirements of machinery can be met in India. A team of engineers of the Consultants of Hindustan Steel have already visited Calcutta and Bombay in this connection. They met representatives of the major engineering concerns in both the cities. The enquiry is continuing.

*

Indian Telephone Industries: The cost of production of the main products of the Indian Telephone Industries as compared to the cost of the imported article indicates that an auto desk telephone made by the I.T.I. costs Rs. 89 against Rs. 111-11 for the imported article; an I.T.I.-C.B. desk telephone costs Rs. 66 against Rs. 89-2 for the imported article; an I.T.I.-made dial costs Rs. 17-12 against Rs. 22-5 for an imported dial; uniselector bank plates (for 1,000 mes.) made by I.T.I. cost Rs. 263 against the imported price of Rs. 360 while a single channel carrier cost Rs. 9,650 against the imported price of Rs. 15,650. The import price of relays also shows that the I.T.I. manufactures these at a cost lower than the imported price. The major sales of the I.T.I. are to the Posts and Telegraphs Department and to the Railways, though some business firms and other organisations also have made a few purchases. During 1953-54 the I.T.I. sold Rs. 1,19,31,722 worth of its products to the Posts and Telegraphs Department.

*

Oil Prospecting Operations in India: The Indian Geological Survey has carried out geophysical explorations in Eastern Saurashtra and parts of Gujerat and detailed geological mapping in the Jwalamukhi area in the Punjab for possible oil-bearing structures. Gravity and magnetic surveys in the coastal sedimentary tract of the Madras State were started in the field season 1954-55. The Government of India have entered into an agreement with the Standard Vacuum Co. of America for joint exploration for petroleum and products of petroleum, if it is discovered in commercial quantities, in West Bengal. The Company is at present carrying out a reconnaissance survey in the areas lying on both the banks of the river Hooghly. The only other agency carrying out prospecting operations for oil in India is the Assam Oil Company Limited.

TRADE

Provisional Indonesian Export Figures for 1954: According to the Central Office of Statistics, provisional figures of Indonesia's total exports in 1954, including petroleum products, showed 12,744,341 tons worth Rp. 9,719.1 million (excluding petroleum products: 2,850,172 tons worth Rp. 7,134.9 million). The corresponding figures for the year 1953 were: 12,292,579 tons worth Rp. 9,303.4 million (592,015 tons worth Rp. 7,011.7 million).

*

Indian Import Quotas Increased: Revision of Duties: As a sequel to the revision of duties in the Indian Finance Bill, 1955, it has been decided to enhance the import quotas for certain items like pickers, cotton ropes, skins—tanned or dressed—certain leather manufactures, fur skin, certain articles made of paper and papier machie, second-hand gunny bags, refills for thermos flasks, and cutlery. Established importers who have already obtained their quota licenses or have submitted their applications are advised to submit fresh applications for the additional licences on the basis of the revised import policy. Established importers who have not submitted their applications can make consolidated applications in the prescribed manner and form. The last date for the receipt of applications is April 15, 1955.

*

Price of Imported Sugar in India Raised: In view of the increase in the excise duty on sugar from Rs. 3-12 per cwt. to Rs. 5-10 per cwt. with effect from March 1, 1955, as also in the customs duty from Rs. 11 per cwt. to Rs. 13 per cwt., the Government of India have decided to raise the price of imported sugar by Re. 1 per maund from March 1, 1955. Thus, the revised ex-dock price of British refined sugar, East German sugar and French sugar will be Rs. 30-8 per maund and that of Cuban sugar Rs. 30 per maund. The revised prices will apply to all sugars delivered from March 1, 1955.

*

Indo-Polish Trade Arrangement Renewed: The Indo-Polish Trade Arrangement originally signed on January 6, 1951, has been extended from time to time. The recently renewed arrangement came into effect on January 1, 1955, and will remain in force until the end of the year. The schedules of goods for import and export attached to the renewed arrangement are the same as those which were operative for 1954. Some of the important commodities available for export from India to Poland are iron and manganese ores, mica, tea, coffee, tobacco, cashewnuts, spices, tanned hides and skins, sports goods, handicrafts and cottage industry products, and Indian films (exposed). Among the goods available for export from Poland to India are various types of engineering machinery, machine tools, tractors, agricultural, surgical and optical instruments, photographic instruments and appliances, microscopes, and Polish films (exposed).

NEWS IN BRIEF

INDIAN

A proposal for providing a locomotive workshop for the Northern Railway is under consideration and Jagadhari is reported to be a possible site. The matter is still in the planning stage and details have not been worked out.

*

Of the 1,681 cases referred to the Income Tax Investigation Commission, 1,052 had been disposed of till the end of June, 1954. The total amount assessed by the Commission in cases so disposed was Rs. 36.49 crores.

*

The Minister for Revenue and Defence Expenditure recently revealed that India exported 4,893 maunds of opium during 1953-54 and the gross revenue derived therefrom was Rs. 1,23,64,000.

*

A sum of Rs. 86,92,458 was sanctioned by the Government of India to various State Governments and private concerns during January this year for the construction of 3,958 tenements under the Subsidised Industrial Housing Scheme.

*

The average number of complaints regarding inaccuracies in metering of telephone calls under the message rate system per month is two per thousand meters. Estimates of additional revenue from the substitution of flat rate system by message rate system are being collected on the basis of sample statistics.

*

The number of foreigners at present in India who enjoy diplomatic immunity or special privileges similar to those accorded to U.N. experts, is 1,499. Of these 333 are diplomats, 795 other staff of Diplomatic Missions, 179 Consular Officers, and 192 U.N. Officials and Experts.

*

It was recently stated in Parliament that India has so far borrowed a total of $126.7 million from the World Bank.

*

The Scientific Adviser to the U.K. Government under the Technical Co-operation Scheme of the Colombo Plan visited India in December, 1954, to examine the requests for the supply of equipment to various technical institutions. These requests had been made to the U.K. Government under the Technical Co-operation Scheme of the Colombo Plan.

*

It was stated in Parliament that the building work of the Silver Refinery Project was still in progress and was expected to be completed by the end of 1955.

*

About 882 families, comprising 3,421 East Bengal displaced persons, had been settled in the Andamans by the end of 1954. All these families had been allotted land for cultivataion.

*

About Rs. 4.75 lakhs have been spent from out of Central grants from April 1, 1954, to December 31, 1954, for the development of Scheduled areas in the Kulu Sub-Division of the Kangra District, on cottage industries, irrigation, forests and agriculture, medical and public health and communications.

*

The Government of India have reviewed the export policy with regard to chillies and have decided to release some quotas for export during the period January-June 1955, from the ports of Madras, Bombay and Calcutta.

FOREIGN

The International Monetary Fund Mission which visited India during January 1955, came for routine consultations regarding the retention of restrictions by India on payments for current international transactions.

*

At a recent meeting the Directors of Pan American World Airways, Inc., declared the forty-first dividend of 20 cents per share payable March 1, 1955, to stockholders on record at the close of business on February 18, 1955.

*

The U.S. Foreign Operations Administration which allocated $4 million last year, has made available a further $7.2 million as technical aid to Indonesia during the current fiscal year. The expanded programme includes $1.5 million for a special malaria control project.

*

A report prepared by the U.N. Secretariat, giving illustrations from the laws of 43 countries comparing the rights and duties of parents over their children will be submitted to the U.N. Commission on the Status of Woman when it convenes for its ninth session at U.N. Headquarters on March 14.

*

The International Agricultural Fair, the fourth to be organised by the Utrecht International Trade Fair since 1952, will be held at the Croeselaan site between April 28 and May 4. In addition to Dutch manufactures, equipment from the U.S.A., the U.K., and Germany will be exhibited.

*

The year 1955 makes TWA's thirtieth year of service. From a humble beginning with a fleet of 6 Douglas biplanes, the fleet has grown to 150 with 20 more on order. TWA now covers 33,000 miles of domestic and international routes covering four continents, and carries about four million passengers a year.

*

Business men from 13 countries including India, Liberia, Egypt, Turkey, Iran and Pakistan are to receive Eisenhower Exchange Fellowships for the 1955-56 school year. The business men will spend a year in the U.S. to study management techniques and U.S. life.

*

Letters revising the schedules attached to the current Indo-Hungarian trade agreement signed on June 17, 1954, were exchanged recently. There are no changes in the schedules for 1955, apart from the inclusion of groundnut oil in the Indian list of export commodities. The agreement is to be revised for every calendar year.

*

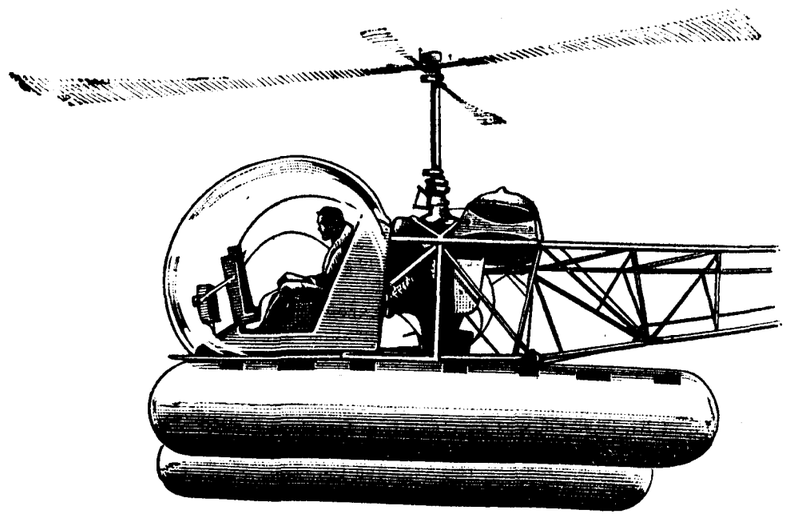
The 61st Vienna International Fair will be held at Vienna between March 13 and 20, 1955. Of the 3,000 firms participating, some 1,595 are from West Germany, U.K., Switzerland, U.S.A., France, Italy and other foreign countries.

*

The South African Government plans to spend more than £50 million on the development of railways during the financial year beginning April 1. This includes £29 million for new work on open lines and £16 million on rolling stock. Total capital expenditure will be £17 million more than during last year.

*

According to the Governor of the Pakistan State Bank the foreign exchange earnings in 1954 totalled Rs. 1,270 million (£138 million) less than half the 1951 total. Exchange control has been suggested to keep payments in line with earnings.



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What are they used for ? For fetching and carrying, mostly. Much valuable and expensive equipment is used by the oil prospectors. Helicopters move this equipment quickly and safely, wherever and whenever it is wanted.

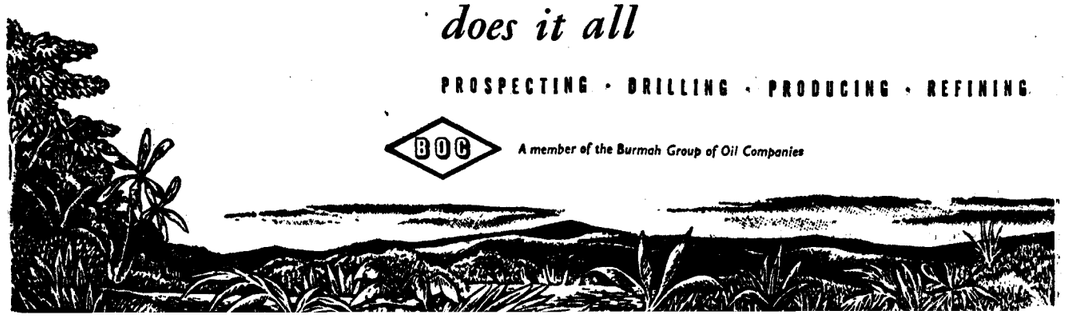
Helicopters are expensive " vehicles " of course. In fact the Assam Oil Company spends crores of rupees just in looking for oil. And the company intends to spend more—so that India's vital flow of oil may be supplied to an ever-increasing extent from India's own resources.

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A Window On The World

WHAT IS "NEUTRALISM?"

BY

ODYSSEUS

A FRIENDLY CRITIC writes to me:

"Your exposition of the significance of the Geneva agreement about Indo-China, and of the Western European Union pacts, will be accepted by all those who think of foreign relations in terms of power blocs and power politics, i.e., by virtually everyone in Europe, North and South America, Australia, Japan, the U.S.S.R., China, and all countries in Asia, in fact just about the whole world—except India! Here, on the contrary, virtually everyone takes the view that what causes war is fear, and that fear arises when one country sees another piling up arms. This leads to an armaments race and to ever mounting suspicion and tension until the powder magazine explodes and war breaks out. We regard the balance of power theory as the root of all evil. The ideal put forward instead is to promote ever widening areas of unarmed, peacefully inclined neutrals. If India inspires no fear abroad, then, we assert, no country will attack her. The power blocs are organising the world for war. Against them, we must have an ever widening peace bloc, setting fears to rest, organising the world for peace. On the vast majority in India who subscribe to these views, your recent analyses of international affairs in 1951-54 will make no impression whatsoever, because they consider that your argument is based on untenable premises."

This is a challenge which deserves a reasoned reply.

At the start, I concede that what we may call for short the "neutralist theory" of international relations contains a solid element of truth. Obviously when the U.S.A. and the U.S.S.R. read about each other's armaments and stock-piling, anxiety and fear play important parts in stirring up one power bloc to catch up with the other, and the other to redouble its efforts to retain its lead, and obviously if the relations between the two are dominated by fear and suspicion, an explosion sooner or later becomes almost inevitable. Some way out of this vicious circle must be found. As a criticism, therefore, of what we may call the "unqualified power politician", the neutralists have a good deal of reason on their side.

On the other hand, the weakness of the unqualified neutralist politician's position is that while an unaligned, virtually unarmed, neutral country will not inspire fear, it may inspire contempt or greed. By this I mean either, negatively, that it will cease to have any influence on the conduct of international relations; other countries will ignore its views, and, indeed, its existence, when formulating their policies; or, positively, if a neutralist country has agricultural or industrial resources lying about with no visible means of defence, the average tough-minded, un-Gandhian country, will take steps to obtain control of them by conquest, by special treaty rights, or by creating a satellite relationship.

WANTED: REALISTS AND IDEALISTS

The trouble about history is that nobody reads it. Or if they read it they think that the many useful lessons and morals that can be drawn from it apply to every country except their own, whose case is, of course, "special" or "quite different". This is a pity, because history has much to say on the problem that we are discussing. Experience has repeatedly shown that the so-called realists, the practical men, the tough guys, who try to govern countries on purely pragmatic principles, who think solely in terms of power, and who consider that in its relations with other countries, the state is a law unto itself, above the rules of human morality—experience has repeatedly shown that "realist" leaders, while satisfying such basic human instincts as self-protection and self-assertion, fail to satisfy equally basic human yearnings towards higher and better things. Man is not only of the earth earthy but is of the spirit spiritual, and if the leaders of the state satisfy either side of his nature to the exclusion of the other, the foundations of the state are unstable.

Experience has also repeatedly shown that those leaders who insist on idealism to the exclusion of all realism can build nothing solid because they are ignoring the physical needs and aspirations, and the will to self-assertion, of average men.

The first fact for the idealists to grasp is that power exists—the great industrial and agricultural areas, and the normally active, humanly self-assertive peoples, of Europe, North and South America, the U.S.S.R. and China, cannot be ignored or wished away. The U.S.S.R., the U.S.A., Britain, and Germany, have great power; they cannot be prevented from using it. The problem is how to control this power so that it is used for peace.

The first fact for the realists to grasp is that power balanced by power alone leads to war. The problem is how to inject some non-materialist, non-cynical, other-regarding, idealist calculations into those who control this power.

These are broad principles, easy to formulate, but their application by fallible human beings is difficult and their working out so slow and complicated as to incite realists to write idealists off as unpractical interfering cranks, pacifists, and busybodies; and idealists, in their impatience and disillusionment, to rage against realists as cynics. What, of course, is needed for salvation is co-operation between these two groups, each of which has a complementary contribution to make in forming national policy.

IS INDIA UNALIGNED?

At this point, someone may object that my proposition that neutralist states are ignored or treated with contumely by powerful states is disproved by the example of India. Here is a country whose counsels are listened to in London, Canberra, and Peking, and yet which is unaligned and, by comparison with any major power, virtually unarmed. To this, I reply that a country which occupies a relatively low place in the scale of world power, industrial and military, may compel attention to itself if it has outstanding leaders and if its physical weakness is compensated by the existence of powerful friends. I submit that in fact India is by no means the unaligned country that her leading neutralist exponents profess her to be. This is one of those examples of "Double-speak" which George Orwell expounded in "1984", because whatever words are used to describe India's position in internatoinal relations, that position is not in fact wholly governed

by those words but much more by her geographical situation, by the attitudes and interests of her neighbours, and by her own national interests. Judged by these factual considerations, is India aligned or unaligned?

India is a country of enormous industrial potential that is at present hardly developed at all. Her industrial resources are broad based enough to set her far ahead of China and to rival, and, indeed, to surpass, the U.S.S.R. and Western Europe in output and strength. (The reader who wishes to see this statement elaborated should read R. Strausz Hupe's "Balance of Tomorrow" published by Putnams). About, say, 40 years of peace and real hard work would see India a leading world power, putting China in the shade, and causing London, Paris, Washington, and Canberra, to vie for her favours. One of the possible flies in this attractive ointment is, however, that it would be decidedly more convenient for the U.S.S.R. and China if India did not develop into a world power and if, instead, her resources could be harnessed to strengthen Soviet or Chinese power. There is a clash of interests here, more especially as the U.S.S.R. and China are controlled by Communist leaders whose doctrines are purely materialist. Communists are power-minded. Their creed excludes "idealism" in any sense of the word that makes sense. Moreover, the record of the U.S.S.R. in "pacifying" and bringing the blessings of the Pax Sovietica to Central Asia, and in extending a "protectorate" over some eight once-independent European countries, with populations totalling some 25,000,000, suggests that the U.S.S.R. is an unsatisfied, expansionist, imperialist power. Both the U.S.S.R. and China have shown themselves possessed to a high degree of that imponderable but important factor—the will to power. Both are extremely uncomfortable to have as next-door neighbours in Asia. It is clear that India could not align herself with either save at the risk of self-extinction.

On the other hand, the history of all the Western powers in the past decade reveals that as overseas imperialists they are in rapid decline. I do not suggest (nor believe) that they are by any means in total decline, but the will to power over colonial peoples has left them. They are comfortable people to have for neighbours. Their self-assertiveness seems more likely to find expression in trade, commerce, and economic development, rather than in military adventures directed against Asians.

We in India are apt to stress the materialism of Europeans and Americans, and there is a sense, particularly in the sphere of economic progress in which our view is solidly based, but the striking fact remains that democratic Europe, America, and the Commonwealth (in which we include ourselves), are today the spiritual reservoirs of the world. For the cultivation of those spiritual values on which we in India pride ourselves is possible only in countries whose governments respect the freedom of the individual conscience.

I do not suggest that there are no spiritual values in the U.S.S.R. or China—for God watches over His peoples in all countries—but I do suggest that while they can advance and prosper in the free world, they can be maintained only with difficulty in countries whose Holy Book is Dialectical Materialism. In all this, India's interests lie with the Commonwealth and the U.S.A., and willy-nilly, neutralist or not, she is in fact aligned with them, which is why she enjoys their friendship and their powerful support. All the quarrels over the methods to be pursued to maintain peace in Korea, Indo-China, Formosa, or South-East Asia, do not alter this fact.

It is because the U.S.S.R. and China recognise that India has powerful friends that they refrain from interfering with her, and it is because India has able leadership that they pay some attention to what she says.

I am aware that the view of India's foreign relations sketched in this article is often passionately repudiated, and I propose to try to think out next week why this is so.

PRINCIPLES OF FOREIGN POLICY

Having completed between January 14 and February 25, a descriptive History of International Relations in the years 1951-54, today's article is the first of a complementary series trying to clarify the principles on which a foreign policy is built up. Future articles will include: "What is a Foreign Policy?" "Power and Foreign Policy", "What is India's Foreign Policy?", "Some Popular Fallacies About Foreign Policy".

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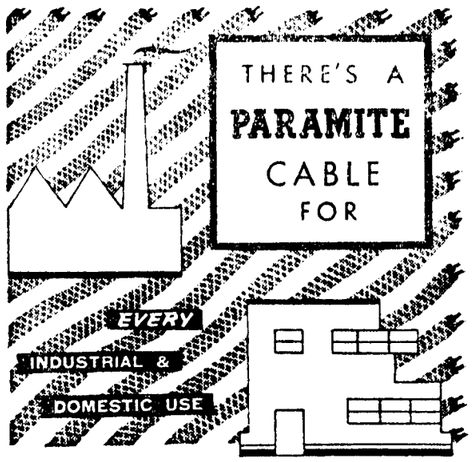
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SPECIAL ARTICLE

CAPITAL FORMATION AND CONSUMPTION IN INDIA

A VITAL issue raised in the Taxation Enquiry Commission's Report relates to the extent to which capital formation in India impinges on consumption. There is evidence that until the dynamic spell which commenced in 1952 became effective, capital formation in India tended to rise only from restriction in consumption. This is no more than the tautology that, if income remains constant, and the Keynesian equation I = S + C where S Saving and C Consumption is an identity, a rise in S can only come about from a fall in C. But this identity, while true at any particular moment, is not true for the same quantities over time. In other words, if I is rising it is possible for both S and C to rise without impinging on one another. In India it is clear from 1951-52 that this has been the case.

The table below gives the rates of capital formation of India as calculated by the Research Section of the Indian Institute of Public Opinion. These figures are placed alongside calculations of real income with 1948-49 =100 and with figures for consumption expenditure calculated on the basis of 96 for that year, when the rate of capital formation is estimated at 4 per cent. It will be seen that while for the years 1948-49 to 1951-52 there was no significant change in either capital formation or consumption expenditure the position is very different for the years after 1951-52. In these years it would appear that consumption expenditure has risen by about 9 per cent while capital formation has approximately doubled.

Year	Index of Real National Income	Rate of Capital Formation	Index of Consumption Expenditure
1948-49	100.0	4.0	96.0
1949-50	100.2	3.9	96.3
1950-51	100.0	4.0	96.0
1951-52	101.6	4.7	98.9
1952-53	108.3	6.3	102.0
1953-54	117.0	7.9	109.0

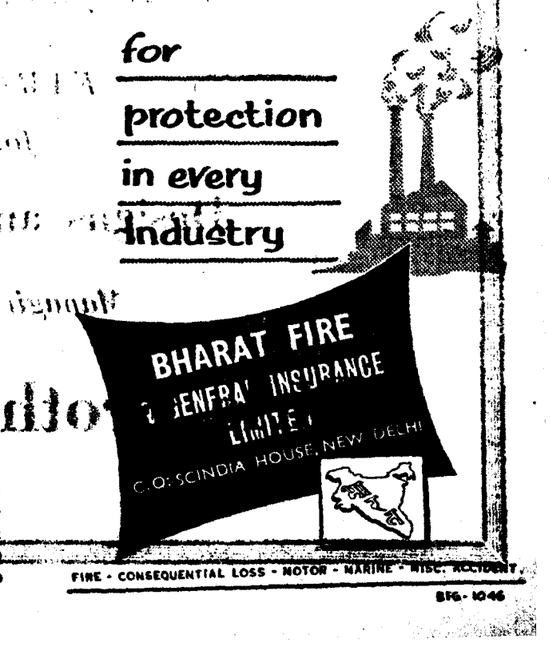
The implications of these facts are clear. So far as India is concerned, real income must be assumed to be rising steadily. If it were not, the second Five-Year Plan would not have any meaning. In other words, the conditions which will obtain in the second Five-Year Plan will if anything be more dynamic than those which have been experienced in the last two years. If real income should rise by 30 per cent by 1961 the rate of capital formation might be assumed to rise to about 10 per cent and consumption expenditure by over 15 per cent. In other words, the view that capital formation must be at the expense of consumption is again erroneous.

There is another aspect of the same problem which suggests that, provided the rate of saving does not fall below 8 per cent the investment of something like Rs. 6,000 crores (monetary as well as non-monetary) might be sustainable alongside rise in consumption expenditure. The computation for this is as shown in the table below. In this table income is presumed to rise from Rs. 12,000 crores at the end of 1955-56 to Rs. 17,000 crores in 1960-61.

(Crores of Rupees)

	National Income	Application of a rate of eight per cent to a uniformly rising income
1956-57	13,000	1,040
1957-58	14,000	1,120
1958-59	15,000	1,200
1959-60	16,000	1,280
1960-61	17,000	1,360
TOTAL	75,000	6,000

In other words, there is a prima facie indication that the current rate of capital formation will sustain theoretically the likely investment under the second Five-Year Plan. It might also be indicated that since consumption expenditure by 1960-61 will be over Rs. 15,600 crores that the limitation of consumption will not have been necessary for financing a Plan of this order. It is obvious from these facts, that since the economy is sufficiently dynamic in terms of these elements in capital formation and consumption expenditure there is no need for a restriction of consumption to be made a condition of economic advance. It is only when the rate of investment greatly exceeds the rate of voluntary saving that the control of consumption is necessary.



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THE BUSINESS WORLD

BUSINESS MEN IN CONFERENCE

The dominant sentiment at the annual meeting of the Federation of Indian Chambers of Commerce and Industry this year has seemed to be one of querulousness. In recent years, they have met under more propitious circumstances. Many of the targets set by the first Plan, notably in regard to industrial production and food grains, were nearing completion. Business men had been assured that what the Government aimed at was a mixed economy in which the private sector was sure of a place of responsibility, which implied the co-existence of the public and private sectors. In contrast to this optimistic feeling, this year's annual meeting of the Federation was held in an atmosphere which smacked of uncertainty and apprehension as evidenced by the nature of speeches made by accredited spokesmen of industry.

The causes for this turn are not far to seek. A bias against the private sector is now seen in statements of Congress and Labour spokesmen and pronouncements by persons in authority, on the means of establishing a socialistic pattern of society. They have been ill-conceived and have only served to undermine the confidence of free enterprise which, according to authoritative individuals such as the Central Labour Minister, would be allowed to exist by sufferance rather than by a desire that it should pull its weight and take its due share in the country's economy. The more restrained statements on the objective of Government's economic policy made by the Commerce Minister, and the Prime Minister's explanation in Parliament did little to lessen the sense of apprehension in the minds of private enterprise. On the one hand, we were told that plenty of scope existed for both the sectors to play their part in the future economic set-up, while on the other, warnings were profusely given that the public sector would take over more and more industries and occupy a dominant position. And, as if to show that the intentions of the Government were at variance with the powers it was seeking to acquire, the Government came forward with its move to amend Article 31 of the Constitution and the Company Law. Even if private enterprise wanted to place confidence in the Government's ability and willingness to steer clear of extreme policies, business men could hardly find it possible to contemplate with equanimity the weapons with which Government proposed to arm itself. On top of this came the Budget proposals for 1955-56 which were found to please nobody, much less to provide necessary incentives in terms of the huge financial outlays envisaged in the Plan.

It was in such an atmosphere that Indian business men assembled in New Delhi for their annual "stock-taking". Mr. Homi Mody's warning to the Government not to do things which would mean that "we will have to be carried in an ambulance", and the resolutions moved and the speeches made thereon, all reflected the element of frustration that has enveloped the private sector. Positive deeds from official quarters, providing concrete assurances to the future of private enterprise in precise terms, alone can mitigate this feeling. The Government must pause and give further consideration to policies aimed at the elimination of well-proven and established methods of management which have commanded the support of the investing public and banking institutions all these years. So long as no alternative type of managing agency system has been evolved, much less tried with success, no attempt should be made which will have the effect of dislocating existing industrial managements and preventing flotation of new companies at this juncture when economic activity needs to be broad-based to the utmost limits. We agree that there must be some changes in the managing agency system—for instance, in the quantity of managing agency remuneration and in unhealthy inter-locking of capital—but there is little justification for scrapping it. The proposed amendment to the Company Law can only discourage the starting of new enterprises. What is needed is rigorous enforcement of the existing law.

Like the Company Law amendment, no time is more inopportune for Government than the present to go ahead with the Constitutional amendment which would make compensation for the acquisition of property rights discretionary and non-justiciable, thus striking at the root of a most fundamental right guaranteed to the citizen. While envisaging measures to prevent concentration of wealth in the hands of a few, and to narrow down the gap between the rich and the poor, the Constitution does not favour expropriation of private property. The guarantee of protection of property stands in peril of being exposed to the vagaries of politicians who may come to power from time to time.

The country is on the threshold of its second Five-Year Plan with a greatly enhanced expenditure of some Rs. 5,000 to Rs. 5,500 crores, including some Rs. 2,500 crores to be expended by the private sector. Our expansion needs are so great and pressing that the proper climate must be created to induce everyone to give of his best, instead of placing restrictions on activity on ideological grounds. It is in spite of the depressing factors on the economic horizon that the private sector has done an exceedingly fine job in increasing industrial and agricultural production. During the past year, the production of cotton textiles which in 1953 had already exceeded the first Plan's target, increased further by over 100 million yards to a new all-time high of 5,000 million yards. The production of steel increased by two lakh tons to 12 lakh tons. In the case of cement the output reached the level of 44 lakh tons, showing an increase of 5.5 lakh tons over 1953. There were substantial rises in engineering and chemical industries.

All this goes to prove that, given reasonable encouragement, or at least freedom from discouragement, the private sector will meet whatever targets are set for it under the second Plan also. In the next Plan great emphasis is to be laid on industry. If the private sector is to render adequate service, it will require the creation and maintenance of an atmosphere in which the investor, his faith restored, will be willing to risk his money, and men of experience and with sense of realism will have freedom from uncertainties and inhibitions.

FACTS ON THE FUND

By

CROESUS

"India has been a good debtor and has repaid her dues in time" observed Mr. Ivor Rooth Managing Director of the International Monetary Fund, who has been in Bombay on a brief visit, replying to a question at a

Press conference held in the Reserve Bank of India premises in Bombay on Thursday (24th February). Mr. P. S. Narayana Prasad, India's Executive Director on the Fund, who happens to be in India for routine consultations, introduced Mr. Rooth and declared that, by and large, India had been satisfied with the representation given to Indians on the staff.

The question about India being a good debtor or not arose from a wrong impression that somehow or other has been prevailing in this country that India has been paying a penal rate of interest. Clarifying the position, the IMF spokesman stated that the rate of interest, which India has been paying is only 3½ per cent. There is no question of any penal interest, because the interest that any member-country has to pay on its borrowings from the Fund depends upon the period taken by it for repayment. Thus, up to a certain period, it is ½ per cent, and the rate goes on rising till 5 per cent, at which stage the member-country would have to explain to the Fund the reasons for non-payment of the moneys taken. India has not yet reached that stage.

Describing the work of the IMF, Mr. Rooth said that one of the important aims of the Fund was to remove all exchange restrictions and bring about multilateral convertibility of currencies. He added that the Fund would willingly help any country in this behalf, if approached. This observation of the IMF chief prompted a question as to why the IMF had not gone to the assistance of the U.K. in restoring the convertibility of pound sterling. Also Mr. Rooth was asked whether anything could be done to prevent the growing demand for transferable sterling from Continental dealers for commodity shunting. Answering the first part of the question, Mr. Rooth said that, according to British Press reports, the U.K. would need about $5 billion by way of reserves safely to embark upon convertibility. This would mean that she would need about $2 billion to supplement her reserves and make up the required amount. If Britain asked the IMF—which she has not done so far—the IMF would give substantial assistance. But he did not indicate the exact figure, although he said that, even if the request was only for $1.5 billion, it would be in excess of her quota, namely $1.3 billion. In connection with the same question, it was asked whether the position would be any the easier if the U.K. and all the sterling countries together made a joint approach to the IMF. To this, Mr. Rooth replied that, if the U.K. asked for assistance, many other countries also might approach the Fund who may not really need a stand-by credit. For obvious reasons, the IMF Chief would not offer a solution to Britain's transferable sterling problem.

Asked to explain the Rooth Plan, which has had considerable publicity, the IMF chief said that the Plan was to make the Fund's resources available to the members on a more flexible basis. He said that his very first reaction when he joined the Fund about three years ago was that countries were not freely coming to the Fund for guidance or assistance. Many of them did not know the conditions to be fulfilled in this connection, although they seemed desirous of benefiting from the Fund. In order to hold out inducements to member-countries, Mr. Rooth went on, the first thing that the IMF did was to reassure them by permitting drawings on the first tranche, otherwise known as the gold tranche. Countries seeking drawings up to the limit of the first tranche were assured that there would be no severe examination of their economic position. In this connection, Mr. Rooth was asked why, if the aim of the Rooth Plan was to make the Fund's resources more flexible, the Fund could not go a step further by allowing drawings on the second tranche also and subjecting the member-country concerned to less severe examination than in respect of drawings on subsequent tranches. Mr. Rooth said that it was for the Board to take a decision. He, however, added that it was difficult to lay down a hard and fast rule. Even as it is, said Mr. Rooth, in some cases, we are already permitting drawings up to the limit of the second tranche.

Another inducement under the Rooth Plan to make the Fund's resources more easily available to members, said Mr. Rooth, was to allow the countries a longer time than hitherto to repay their borrowings by extending the line of credit they could get under the stand-by arrangement. In most cases, he added, the period had been extended from six to twelve months. "We thus hope", pointed out the IMF chief, "we would eventually go back to full convertibility".

Questions were also asked about the international character of the Fund which, it was pointed out, suffered, to some extent, from the predominance of the American vote—both their own and others which America secures automatically from countries under her influence such as Kuomintang China—and also from the predominance of the American element, especially in key positions. Mr. Rooth was emphatic in repudiating the suggestion and he said that there was no real basis for such a suspicion. "I can assure you that the staff is absolutely impartial and, though some of them are American, they think along international lines. It is true that, in the beginning, the Fund employed what was locally available but, later on, recruitment was not confined to America. There are today ten Indians on the staff of the IMF, most of whom are holding responsible positions". "Moreover", remarked Mr. Rooth, "no decision is taken by the staff of the Fund; all decisions are taken by the Board consisting of sixteen executive directors representing 57 countries, some representing only one country like India and others representing as many as eight countries like Egypt.

Answering a question about the termination of Czechoslovakia's membership and the part played by the American voting strength, Mr. Rooth said that Czechoslovakia was asked to withdraw from the Fund membership by a majority vote and also because Czechoslovakia did not conform to the rules as she failed to supply the information called for. Arising from this reply, the IMF chief was asked why the Fund could not tolerate Czechoslovakia's lapses, when, allegedly, it tolerated lapses of so many others.

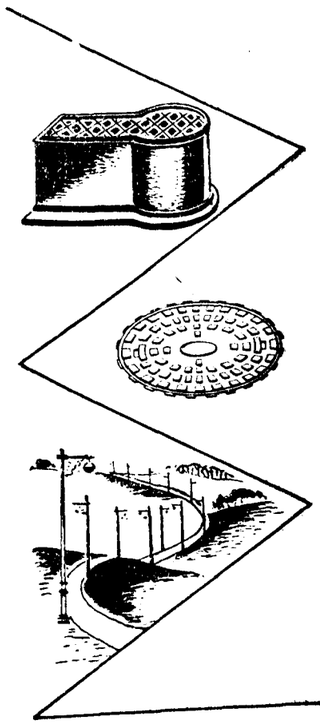
REACTIONS TO BUDGET PROPOSALS

BY

CROESUS

It was not till almost last week-end that all the Budget papers, including the Finance Bill, reached Bombay. Even now, the public has not got copies of either the summary of the Taxation Enquiry Commission's Report or the Three Parts of the Report in full. Accordingly, with each day that passes, as the implications of a fresh aspect of the Budget are understood, we have been having more and more reactions. So far, the main criticism of the Budget has been confined to the following features: (i) the effect of the new proposals on capital formation and savings, (ii) the decision to tax the value of any perquisite or benefit, whether convertible into money or not, received by salary-earners drawing over Rs. 18,000 per annum and

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by Directors of Companies, and entertainment allowances of all kinds, (iii) the increased excise duties on both, (iv) the development rebate of 25 per cent, and finally the amendment to Section 23A of the Indian Income-tax Act.

Commenting on the effect of the new tax proposals on capital formation, Sir Cowasji Jehangir, Chairman of the Bank of India, said at the 49th Annual Ordinary General Meeting of the Bank last Thursday: "In recent years owing to the burden of direct taxation and high cost of living, national savings have been on a diminishing scale. It is a serious weakness in our national economy that capital formation has been considerably retarded and is mainly responsible for slowing down the pace of industrial development in the country. The new proposals embodied in the Budget are calculated to further reduce the capacity for savings and to that extent will defeat the very objective of accelerated industrial development in the second Five-Year Plan." Continuing, the Bank of India Chairman said: "In so far as it relates to proposals for direct taxation, the present Budget is avowedly an effort to reduce the inequalities in income in the country which is evidently inopportune in that the imperative need of the country is first to increase production and wealth which alone will help in bringing about a better and more equitable distribution of income in the country. The sharp increase in slabs of supertax will leave investors in the larger income bracket with practically no savings and may well result in a net diminution in the supply of fresh investment funds."

The decision to tax all perquisites, whether in cash or kind, including the entertainment allowances for persons drawing more than Rs. 18,000 per annum, has had surprising repercussions. I heard on the lawn of a fashionable club that the manager of an important business concern had resigned on the score that, under the new proposals, he acutally stood to suffer a reduction in his basic pay. This is suggestive of the seriousness of the proposed impost. The following table will show the difference in the total tax, including supertax, at the existing rate and the tax at the new rates for incomes in excess of Rs. 18,000 in the case of wholly earned income of married persons:

Income	Tax at 1954-55 rates	Tax at 1955-56 rates
Rs. 18,000	Rs. 1,613 (9 %)	Rs. 1,742 (9.7%)
„ 20,000	„ 1,993 (10 „)	„ 2,132 (10.7 „)
„ 24,000	„ 3,043 (12.7 „)	„ 3,444 (14.4 „)
„ 25,000	„ 3,305 (13.2 „)	„ 3,772 (15.1 „)
„ 30,000	„ 5,603 (18.7 „)	„ 6,332 (21.1 „)
„ 36,000	„ 8,359 (23.2 „)	„ 9,404 (26.1 „)
„ 40,000	„ 10,196 (25.5 „)	„ 11,451 (28.6 „)
„ 42,000	„ 11,246 (26.8 „)	„ 12,737 (30.3 „)
„ 45,000*	„ 12,821 (28.5 „)	„ 14,667 (32.6 „)
„ 48,000	„ 14,396 (30.0 „)	„ 16,438 (34.2 „)

* At this point of income, the assessee ceases to earn any relief on his income.

It is thus seen that people with a monthly income of Rs. 1,500 to an income of Rs. 4,000 per mensem are required to pay even on the basic pay itself, the increase ranging from 0.7 per cent to 4.2 per cent. If, to this is added the increase in incidence, consequent on bringing in perquisites and entertainment allowances also, one can imagine the sharper increase still in the incidence of taxation.

In the case of a European executive, who is entitled to passages both ways, taking the highest-paid executive, the extra burden of taxation, I understand, will be Rs. 2,000 per month. But without taking passages into account, it would be Rs. 1,200 per month; in the case of a junior executive, the extra incidence, taking only one passage into account, I believe would be Rs. 500 per month.

As regards the effect of the new excise duties on the textile industry, everyone who has expressed an opinion on the subject, is convinced that the increase in the tax income as a result of the new proposals, for which the Union Finance Minister has taken credit, namely Rs. 9 crores, is a gross underestimate. According to Sir Cowasji Jehangir, the increase in the duty on coarse and medium cloth, which constitutes 84 per cent of the total Indian production, the increase, which will be from 6 ps. to about 1 anna 3 pies, works out to as much as 150 per cent. "I fear the textile industry will be hard put to it to meet this steep rise, especially at a time when the demand for cloth is on the decline due to the fall in the prices of agricultural produce. Burdens have been placed on the textile industry one after another during the last few years and the industry has borne such burdens with difficulty. How far the industry will be able to pay the new very high excise duty is problematical. I can only say that this extra burden comes at an inopportune time".

The Millowners' Association has calculated the incidence of the new excise duties and comes to the conclusion that in the case of coarse and medium cloth, which constitutes the bulk of Indian mills' production, the increase in excise will be of a two-fold character, namely, an increase of 6 pies per yard and the assessment of duties on a square-yard basis. It states: "In fact, in the case of a coarse or medium dhoti, saree or leopard (44 inches wide) the duty amounts to 14-2/3 pies against six pies, that is, an increase of 8-2/3 pies against six pies contemplated by the Finance Minister. On a superfine dhoti, 50 inches wide, the rate will be 41-2/3 pies as against 30 pies previously, or an increase of 11-2/3 pies as against three pies expected by the Finance Minister".

Another independent calculation of the incidence of the new excise duty on cloth estimates that the increase in excise duty both absolutely and as a result of the conversion into the new square-yard basis would work out to as much as 18 pies per yard, that is, three times the increased incidence indicated by the Finance Minister. What seems to have been lost sight of by the Finance Minister is that the majority of cotton manufactures in this country consists of cloth of 44" width. Most of our dhotis and sarees, for example, are of this width as also the well-known brand of longcloth 'leopard'. In the case of fine cloth also, thanks to the new classification, what was fine all along will now be superfine and instead of bearing the reduced rate as one would suppose from a first reading of the Budget proposals, this variety of cloth would be subject to a tax of 2¼ annas as against one anna. In regard to superfine, because the average width is 47" (superfine dhotis and sarees are 50" wide while superfine mulls are 47" wide) the additional increase will work out at an average rate of 9 pies per square yard. The Finance Minister has said that he has given a concession by way of reduction in export duty on coarse cloth from 10 per cent to 6¼ per cent. Prima facie, this should result in some loss of customs revenue to the Government but, in fact, it is not so, thanks, again, to the reclassification on the basis of the average counts of yarn, which will maked most of what passed all along as medium cloth, coarse cloth, which would have to pay a duty of 6¼ per cent as against no duty before, on the basis of the cost of the extra levies per loom. The following example is very illuminating. To take the case of dhoti of 44" width: A mill produces normally 5 pairs of such dhotis per shift, or, in other words, 50 yards. At the rate of 18 pies per yard, the new levy of excise duty, the extra burden per shift per loom would be 900 pies or Rs. 4-11 per loom. Very aptly has it been summed up by a writer

who says that "the Finance Minister has, by his ingenious proposal, hit three birds at one stroke—changing over to average counts, shifting from the linear yard to the square-yard basis and straightaway increasing the rate."

The Millowners' Association is concerned about the consequences of the higher excise duty. If the duty was passed on to the consumer, it says, it would mean hardship particularly to agriculturists and the lower class community, who constitute 80 per cent of the population. On the other hand, if the mill industry is able to increase its price proportionately, many mills will find it extremely difficult to keep going. The result of any reduction in the offtake of cloth is bound to hit the farmer again in the shape of reduced prices and offtake of cotton and may even result in unemployment in the industry.

Both the markets and the business community as a whole were rather slow to appreciate the precise implications of the development rebate of 25 per cent of the cost of all new plant and machinery installed for business purposes instead of the present initial depreciation allowance of 20 per cent. The Finance Minister clearly stated that in calculating ordinary and double depreciation allowances this rebate would not be taken into account. This concession together with another important change, namely, that loss of business should be allowed to be carried forward indefinitely instead of only for 6 years as at present, could not be properly appreciated in the absence of the official text of the Budget proposals and the Finance Bill. However, when the implications were assessed and further when it became known that, as against the Taxation Enquiry Commission's recommendation that, in certain cases of new industries only, the development rebate was suggested, the Finance Minister proposed to extend the rebate in the case of new plant and machinery installed for new purpose, there was all-round spurt in equity prices. But even now, there would appear to be some differences of interpretation wherefore it would not be a bad idea to get the authorities to work out two illustrative examples for the benefit of the public.

Considering that the Finance Minister merely dismissed the amendments to Section 23A by saying "the provisions of Section 23A are being tightened and a flat rate of supertax of 4 annas in the rupee is being imposed on the undistributed profits of the Company, if 60 per cent of its profits have not been distributed", one would never have thought that the implications were as far-reaching as when one actually went through the relevant provisions in the Finance Bill. In fact, the whole Section has been recast and very far-reaching changes have been introduced. The increase in the percentage of voting power from 25 per cent to 50 per cent in order that a Company might be considered as a Company in which the public is substantially interested, the proposal that the majority of the shares, that is over 50 per cent, should not be held by less than 6 persons, who must not be close relations or nominees and the penal tax of 11 annas per rupee are changes which require to be more carefully considered whatever may be the ostensible justification for these changes.

INTERVIEW WITH AN AMERICAN BANKER

By

CROESUS

"The Indian Credit and Investment Corporation of India Limited is a unique experiment. I do not think anyone has approached international investment in this way. It means the bringing together of capital from three different nations, India, the U.K. and the U.S.A., though predominantly Indian with a 70 per cent interest, the respective interest of the U.K. and the U.S.A. being 20 and 10. These percentages do not by any means represent the limit of interest of these countries. The Steering Committee allocated these percentages. The 10 per cent share of the U.S. is taken up by four organisations—Westinghouse group, Squibbs, Rockefeller, and the Bank of America. As against these, the U.K.'s representation of 20 per cent is accounted for by six banks and 28 insurance companies". Thus observed Mr. Russel G. Smith, Executive Vice-President of the Bank of America and a Director of the Corporation representing the U.S.

This is private capital devoted to encourage new enterprises and the expansion of existing enterprises in the private sector, continued Mr. Smith. Obviously, the emphasis in the operations of the Corporation will be on assisting small and medium-scale industries. The capital of the Corporation includes a large loan of funds from the Government of India arising from the counterpart funds of the American wheat loan. Notwithstanding this, the Government of India has no direct say in the affairs of the Corporation, but there is one Government Director on the Board. "I find that there is considerable public interest in India in the Corporation. People in the U.K. and the U.S.A. also are interested in the Corporation. I am confident that it will be a success and will be a means of attracting public attention in other countries as well". In short, declared Mr. Smith, this is a unique experiment in three ways: it is unique in that part of its capital comes from the counterpart funds; it is also unique because it represents investments from three nations and again it is unique by reason of the fact that it is intended exclusively to assist the private sector. It not only lends but also invests and underwrites flotations of shares and debentures of enterprises.

Mr. Smith is the Vice-President of the Bank of America, the biggest private-owned bank not only in the U.S. but in the entire world, having a clientele of 45 lakh customers and two lakh shareholders. The Bank has just finished fifty years and has attained a stature when it is called upon to do the work of an adult as it were, that is to take an interest in international affairs as well.

The Bank of America has an Indian office in Delhi which is under the charge of Mr. M. R. Ahuja, formerly Consul-General for India in America.

Questioned as to whether it was proposed to have any co-ordination between the work of the Corporation and of organisations such as the State Finance Corporations which also have been started to assist small and medium-scale industries, Mr. Smith replied that he expected that there would be some such thing at the licensing end. In any case he added it was a matter for the Corporation's Board. There is, however, this difference between the two organisations; whereas State Finance Corporations only lend, the New Corporation would be as much interested in investing and under-writing as in lending.

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BUSINESS NOTES

CIVIL AVIATION—FIRST HALF OF 1954

More miles flown, more passengers carried and mails lifted are some of the highlights of the progress report of Civil Aviation in India for the first half-year of 1954. In the first half of 1954, Air India International flew 1,578,882 miles carrying 15,705 passengers, 912,929 lbs. of freight, 54,347 lbs. of newspapers and 258,554 lbs. of mails as against 1,522,839 miles flown and 14,676 passengers, 885,300 lbs. of freight, 67,073 lbs. of newspapers and 229,875 lbs. of mails carried in the previous half year. The capacity ton miles operated by A.I.I. increased from 8,368,144 in the second half of 1953 to 9,196,159 in the first half of 1954, and the over-all load factor in the period under review was 63 per cent as against 63.9 per cent in the previous half year.

The Indian Airlines Corporation flew 9,113,217 miles on scheduled services during the period under review as against 8,032,754 miles in the previous six months, and carried 199,439 passengers, 36,921,701 lbs. of frieght, 2,950,168 lbs. of newspapers and 4,312,023 lbs. of mails as against 175,639 passengers, 36,841,455 lbs. of freight, 2,931,580 lbs. of newspapers and 4,245,319 lbs. of mails during the preceding half year. The capacity ton miles operated increased from 19,813,865 in the second half of 1953 to 20,362,850 in January-June, 1954 and the over-all load factor increased from 65.8 per cent to 86.6 per cent in the corresponding period.

Night air mail services also continued to make progress and carried 14,626 passengers, 673,782 lbs. of freight and 1,685,604 lbs. of mails in the first half of 1954 as against 11,610 passengers, 603,379 lbs. of freight and 1,642,310 lbs. of mails in the preceding six months. The daily average of passengers carried increased from 63 to 81, that of mails from 8,926 lbs. to 9,313 lbs. and of freight from 3,279 lbs. to 3,723 lbs.

This record of continuous progress should serve to dispel all fears about civil aviation coming to a point of stagnation even in the short-term context. The traffic potential of commercial aviation ought not to be underestimated. But whether it will be effectively exploited depends on the nature of policies which will be adopted under the nationalised dispensation. The Indian Airlines Corporation has shown serious lack of capacity management. In fact, financial anxiety threatens to arrest the expansion of civil aviation. There must be real and searching introspection to locate the sources of weakness or else cumulative losses will certainly create a crisis of grave magnitude.

DIESEL ENGINE OUTPUT DOUBLED

The year 1954 was one of remarkable progress for the production of diesel engines in India. In this year it rose by more than 100 per cent, due largely to active assistance rendered by Government to the industry. Total production totalled 8,652 as compared with 3,716 in 1953. There has been a steady increase in the installed capacity and progressive manufacture of diesel engines in India during the past few years. In 1954, twelve units were in production and seven more schemes were sanctioned by Government. These are expected to be established in the next two years. The demand for diesel engines required for agricultural purposes in India has been estimated at about 15,000 engines per year. With the existing and projected capacity, the entire demand can now be met by indigenous production. Diesel engines are now increasingly popular with agriculturists for a variety of uses. They also generate power at a lower cost than other types of internal combustion engines. By 1952, five units were engaged in the manufacture of diesel engines with a total capacity of 6,300 engines. One more unit went into production in 1952, while two of the existing firms expanded their capacity. During 1953, two more units started production and one of the existing units expanded its capacity. The year 1954 saw four more units being established.

The industry has so far concentrated on the production of engines mainly suited to agricultural needs. All except two firms manufacture single cylinder, water-cooled, slow-speed horizontal engines. The most common size ranges from 5 to 15 h.p. The other two firms can manufacture engines of 30 h.p. capacity. Future development of this industry is clearly indicated in the direction of engines of higher power than 30 h.p. Licensing policy will ensure this goal. Some firms have now started taking up the manufacture of other types of engines as well, namely, high speed engines and multi-cylinder engines. The total capital invested in the industry in 1954 amounted to Rs. 1.65 crores of which less than 10 per cent was foreign capital. The diesel engine industry employs 2,860 persons. At the same time, the power-driven pump industry, which has a capacity of 61,000 units, employs 3,530 people. The total capital invested in the industry is Rs. 2,10,30,000, almost entirely Indian. The pump industry is now well established and is in a position to meet the entire internal demand except for specialised types of pumps. The production of pumps in India in 1954 totalled 8,650 as compared with 3,700 in the previous year.

PAINTS: THE BUDGET AND THE CONSUMER

The far-reaching implications of the 10 per cent ad valorem excise duty on all paints and varnishes manufactured in India and the difficulties in the way of implementing this tax order without utterly dislocating the paint industry and causing unnecessary hardship to industry as a whole, were discussed at a joint emergency meeting of the Paint Federation and the Indian Paint Manufacturers Association held recently in Calcutta. (A similar meeting was held in Bombay). It is significant that the two associations within the industry formed a common front in the face of this emergency.

From all sides opinion was unanimous that Government could not possibly have fully appreciated the difficulties inherent upon the recovery of this duty, subject to the regulations and controls, under the Central Excise and Salt Act, 1944, within the complicated structure of the paint industry and its outlets. Possibly only this industry has to produce such a wide and truly diverse range of products for so many different groups of consumers (Government, industry, the bazaar and the domestic user) and incidentally, sell under three systems of measurement: by weight, and by O.M. and Imperial Gallon capacities. The ad valorem approach is not suited to this complicated marketing structure. It was agreed it will prove essential to evolve a much more workable and equitable system, based possibly on tonnage and volume. Above all, it was essential to resolve immediately all misunderstandings and uncertainties of interpretation so that production and distribution can be resumed without delay.

The industry faced heavy losses so long as stocks were impounded and production and distribution stopped. In addition, the increase in selling prices must inevitably produce a falling off in demand at least until the market has accepted the new price structure. The point should be made here that almost all of the new industries and Government enterprises which have been developed in India in the past few years, require paint products of some kind or another to finish the goods being manufactured and protect new structures and equipment. In addition, Government, (Central, Provincial and the Municipal), is by far the biggest paint consumer. The overall influences of this tax will therefore be extremely widely felt. Additionally, many of the essential raw materials which have to be imported are already heavily penalised by customs duties, some as high as 42 per cent.

In these circumstances, the industry felt it is essential that a concerted effort should be made to re-orientate Government approach to this excise levy.

STEADY RISE IN PAPER PRODUCTION

As a result of the implementation of the expansion schemes of existing units and the establishment of new units, the production of paper in India has been steadily rising, the total output in 1954 being 1,55,328 tons as against 1,08,907 tons in 1950. The production target for 1955-56—the final year of the first Plan—is 2,00,000 tons, whereas the total capacity is expected to be over 2,87,110 tons. The progress of production is indicated below:

	Rated Capacity			Actual Production				
	1950-51	53-54	55-56	50-51	51-52	52-53	53-54	55-56
	(Financial Year)			(Financial Year)				Target
Unit								
Tons '000	137	174	211	114	135	137	137	200

Production (tons) Monthly Averages or Calender Months

Year	Installed capacity (Total)	Total	(a) Printing & writing	(b) Wrapping	(c) Special varieties	(d) Boards
1950	9,908	9,076	5,846	1,218	433	1,579
1951	11,417	10,993	6,605	2,124	260	2,004
1952	12,292	11,459	7,619	1,795	235	1,810
1953	12,583	11,642	7,969	1,762	285	1,626
1954 September	14,475	12,997	8,435	2,031	484	2,047

The paper industry at present employs over 26,000 people, 2,100 of whom are technical personnel. With the planned development of the industry the employment is expected to go up to 54,000 by 1960-61, including 4,000 technical hands. The capital invested in the industry amounts to Rs. 21.72 crores. An additional investment of Rs. 14.3 crores is envisaged under the new schemes which are being implemented and the expansion to existing units.

This means that with a further investment of Rs. 2.2 crores the industry would have the required capacity to fulfil the target of 3,70,000 tons by 1960-61. It is expected that as a result of the planned development of the paper industry, these targets (including newsprint and boards) would be fulfilled.

The 'per capita' consumption of paper in India, which was very low until recently, has gone up by 50 per cent during the last five years. With the increase in literacy in the country, expansion of industrial production and improvement in the standard of living of the people, the consumption of paper is expected to increase rapidly. A paper and pulp expert of the F.A.O., Mr. Sundelin, who recently surveyed the paper and pulp industry in India, has estimated that the demand for paper (including newsprint and boards) would go up to 4,81,000 tons by 1961-62.

At present 21 units are engaged in the production of paper, seven of them are in the South, five in Bombay and Madhya Pradesh, three in the Punjab and U.P. areas and six in West Bengal, Bihar and Orissa. All the raw materials required by the industry like bamboo, sabai grass, bagasse, rags, waste paper, miscellaneous fibres, etc., are available in the country. In pre-war years considerable quantities of wood-pulp were imported. But in recent years only a small quantity of materials required for the production of specialised paper and viscose conversion is imported. This small import is not likely to hamper indigenous production. It will, on the contrary, act as an incentive to indigenous producers to improve the quality of their products.

SUN LIFE MOVES AHEAD

The 84th Anuual Report of the Sun Life Assurance Co. of Canada reveals a further increase in policyholders' dividends. In the year ahead the Company will pay Rs. 9 crores in dividends—an increase of over Rs. 74 lakhs over the previous year. Nearly Rs. 258 crores worth of new life insurance was sold during 1954, showing an increase of Rs. 44 crores over 1953. This figure is the largest reported by any Canadian life assurance company and includes Rs. 88 crores of group insurance (an increase of Rs. 25 crores over 1953). Benefits paid by Sun Life during 1954 amount to Rs. 49.76 crores, bringing the total benefits paid out by the Company since its organisation to Rs. 1,061.59 crores. The Report further reveals the total of life insurance in force at more than Rs. 2,236.46 crores and records a remarkable rate of progress during the last few years.

Mr. George W. Bourke, the President of the Company, stated in the course of his address that group insurance had increased during the year by 13.9 per cent to Rs. 738 crores. Annuities payable currently and in future were 9.5 per cent higher at Rs. 51 crores per annum. The proportion of insurance and annuities in force in the various countries where the Company operates is: Canada—47 per cent, U.S.—36 per cent, U.K. and Commonwealth countries—14 per cent, and elsewhere throughout the world—3 per cent. The assets of the Company show an increase of Rs. 17 crores over 1953 at Rs. 694.89 crores. The year 1954 has been a year of expansion for Sun Life and the Company looks forward to 1955 with confidence to still better working.

INDUSTRIAL DISPUTES HIGHER IN DECEMBER

There were 59 cases of fresh disputes during December, 1954, according to official provisional statistics. The number of workers involved in 53 cases was 42518. The number of disputes current at any time during the month was 85. Of these 79 involved 52,849 workers and in 77 cases there was a time-loss of 2,59,598 mandays. The number of disputes current at any time during the month, the number of workers involved and the number of man-days lost registered a rise as compared with the previous month. Thirteen of the disputes during the month were lock-outs involving 6,273 workers and accounting for a time-loss of 1,08,120 mandays. Nine of the lock-outs were in West Bengal and one each in Bihar, Bombay, Madras and Uttar Pradesh.

Among the industries, cotton textile accounted for the highest time-loss during the month followed by wood, stone and glass, jute textiles, engineering, minerals and metals (others), miscellaneous industries, coal mines and food, and drink and tobacco. Compared to the previous month, improvement was noticed in cotton textiles, other textiles, iron and steel, chemicals and dyes, coal mines, other transport, docks and ports and miscellaneous industries. Increased time-loss was registered in jute textiles, engineering, minerals and metals (others), food, drink and tobacco, wood, stone and glass, paper and printing, railways and plantations.

COMPANY AFFAIRS

THE TITAGHUR PAPER MILLS CO., LTD.

The working results of the Titaghur Paper Mills Company Ltd., for the half-year ended September 30, 1954, show a net profit of Rs. 13.83 lakhs (after providing for depreciation and taxation) as against a loss of Rs. 5.24 lakhs. These satisfactory results, despite the successive illegal strikes at both the mills, No. 1 and No. 2, are mainly due to Company's renovation programme which has been just completed. The value of sales registered a sizeable improvement from Rs. 92.66 lakhs to Rs. 220.62 lakhs and was about 80 per cent of the half-year ended September 30, 1953. The stocks were also slightly up by Rs. 1.25 lakhs to Rs. 3.26 lakhs. The directors report that production of both the mills was adversely affected by the stoppages of work during the second half-year.

The manufacturing expenses increased considerably from the previous half-year's figure of Rs. 62.11 lakhs to Rs. 143.04 lakhs. The bill for salaries and wages was covered by a little more than 20 per cent of the earnings.

The directors have provided Rs. 9.00 lakhs for taxation and Rs. 4.65 lakhs for depreciation. Rs. 1.55 lakhs have been transferred to taxation contingency reserve. No provisions have been made for replacement and development reserve, dividend equalisation fund, and general reserve. The dividend on ordinary shares 'A' and 'B' has been maintained at 15 per cent per annum, absorbing a sum of 8.40 lakhs.

The fluctuations in the fortune of the company during the preceding three half-years are summarised below:

	(In lakhs of rupees)		
Half-year ended	**30-9-53**	**31-3-54**	**30-9-54**
Sales ..	281.31	92.66	220.62
Stocks ..	5.71	2.01	3.26
Manufacturing Expenses ..	163.61	62.11	143.04
Salaries and Wages ..	52.19	28.33	44.90
Gross Profits ..	+60.09	—5.24	28.22
Provision for Taxation ..	20.00	Nil	4.65
Provision for Depreciation ..	6.70	3.47	4.65
General Reserve ..	3.00	Nil	Nil
Reserve for Taxation Contingency	1.90	Nil	1.55
Reserve for Replacement and Development ..	9.50	Nil	Nil
Reserve for Dividend Equalisation Fund ..	+1.00	—7.00	Nil
Ordinary Dividend (rate per cent per annum) ..	20	15	15

THE KOHINOOR MILLS CO., LTD.

The financial results of the Kohinoor Mills Company, Ltd., (Managing Agents: Killick Industries Ltd.) for the year ended December 31, 1954, disclose a decline in the figure for sales from Rs. 706.74 lakhs to Rs. 681.33 lakhs. The net profit, after providing for depreciation and taxation, has also moved down by 48 per cent from Rs. 25.88 lakhs in 1953 to Rs. 13.51 lakhs during the year under review. The bill for salaries and wages is up by Rs. 1.63 lakhs and absorbs a little more than 13 per cent of the sales figure while dearness allowance further gets 14 per cent of the sales.

The directors have provided Rs. 2.79 lakhs more for depreciation as compared with the previous year while the provision for taxation has been cut down from Rs. 17.60 lakhs to Rs. 5.55 lakhs. No allocation has been made for machinery reserve account as against Rs. 5.00 lakhs in the preceding year. Instead Rs. 1.75 lakhs from equalisation of dividend Reserve and Rs. 0.75 lakh for General Reserve have been withdrawn to distribute the proposed dividend to the shareholders.

During the year, new machinery to the value of Rs. 19.71 lakhs was received, and machinery to the value of Rs. 29.60 lakhs including a Sanforising plant, was erected.

The dividend has been maintained at 18 per cent per annum which consists of 6 per cent per annum interim dividend paid on September 23, 1954, and a final dividend of 12 per cent. No bonus has been paid as against 2 per cent paid in the last year.

The salient features of the working of the above Company during the previous three years are summarised in the table below:

	(In lakhs of rupees)		
Year ended December	**1952**	**1953**	**1954**
Sales ..	725.27	706.74	681.33
Gross Profit ..	23.22	65.22	40.92
Provision for Depreciation ..	14.38	14.97	17.76
Provision for Taxation ..	3.00	17.80	5.55
Net Profit ..	0.42	25.88	13.51
Transfer to Machinery Reserve Account ..	1.00	5.00	Nil
Dividend rate per cent per annum	18	20*	18
Carry Forward ..	2.23	2.11	0.11

* Includes 2 per cent bonus.

ALKALI CHEMICAL CORPORATION OF INDIA LTD.

The audited accounts of the above Company for the year ended September 30, 1954, reveal a fall of the order of 38 per cent in the sales' figure from Rs. 190.13 lakhs in 1953 to Rs. 117.69 lakhs. The figure for stocks is down fractonally from Rs. 31.94 lakhs to Rs. 30.62 lakhs. The decline in sales is clearly reflected in the fall in the manufacturing expenses which have recorded a drop of as much as Rs. 40.52 lakhs from Rs. 107.93 lakhs to Rs. 67.41 lakhs. It may also be recalled that the Khewra Factory in Pakistan (sold last year) has also resulted in lower turnover in the year under reference.

The directors have appropriated Rs. 8.84 lakhs for depreciation as against Rs. 8.03 lakhs in the previous year. No provision has been made for taxation. The ordinary dividend has been maintained at 6 per cent per annum, absorbing a sum of Rs. 3.72 lakhs. The carryforward for the year is Rs. 1.14 lakhs as against Rs. 1.03 lakhs brought in.

The progress of the Company during the last two years is tabulated below:

	(In Rupees)	
	1953	**1954**
Sales	1,90,30,936	1,17,68,867
Stocks	31,94,433	30,61,975
Manufacturing Expenses	1,07,93,217	67,40,793
Net Profit*	8,14,151	8,37,316
Depreciation	8,03,456	8,83,687
Ordinary Dividend (rate per cent per annum)	6	6

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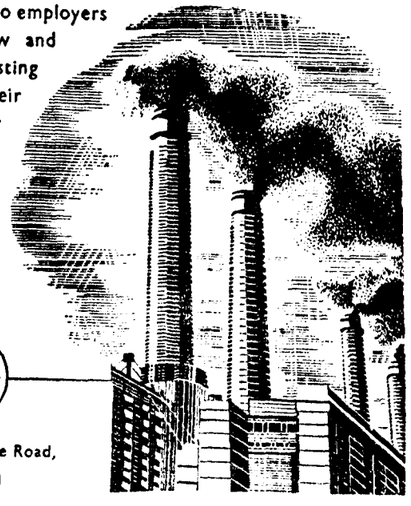
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COMMODITY NEWS AND NOTES

FIRST ESTIMATE OF RABI CEREALS

According to the Directorate of Economics and Statistics, the all-India first estimate of rabi cereals (wheat and barley) for 1954-55 puts the current year's area at 33,861,000 as against 30,756,000 acres in the adjusted first estimate for 1953-54. This shows an increase of 3,105,000 acres or 10.1 per cent over last year. The table below compares the area under the individual rabi cereals during the current year with the adjusted first estimate for 1953-54:

AREA (Thousand acres)

Rabi Cereals	1954-55 (First Estimate)	1953-54 (Adjusted First Estimate)	Increase Absolute	Increase Per cent
Wheat	25,567	23,137	(+)2,430	(+)10.5
Barley	8,294	7,619	(+) 675	(+) 8.9
TOTAL	33,861	30,756	(+)3,105	(+)10.1

The significant increase in acreage as compared to last year has been shared by almost all the States, notably Uttar Pradesh (15 lakh acres), Rajasthan (5 lakh acres), Madhya Bharat (3.5 lakh acres), the Punjab (2.6 lakh acres), Bombay (1.0 lakh acres) and Bihar (90,000 acres) and has been attributed generally to favourable seasonal conditions at the time of sowing. Saurashtra is the only State to report a nominal decrease in the current year's area under rabi cereals.

The present estimate generally covers the period up to the end of December 1954. Till then, the condition of the standing crops was reported to be generally satisfactory except in parts of South Satara, Belgaum and Bijapur districts of Bombay, Murshidabad district of West Bengal, Mandla, Betul, Chhindwara, Bhandara, Bilaspur, Surguja and Raigarh districts of Madhya Pradesh and Mandi and Mahasu districts of Himachal Pradesh, where the wheat crop was affected to some extent due to inadequate moisture in the soil. The estimate does not cover the total area sown to rabi cereals. Past experience has shown that the area at the first estimate stage forms roughly 90 per cent, of the area under wheat and 95 per cent of the area under barley finally reported.

FINAL 1954-55 ESTIMATE OF GROUNDNUT

According to the Union Ministry of Food and Agriculture, the all-Indian final estimate of groundnut for 1954-55 puts the current year's acreage and production at 12,647,000 acres and 3,823,000 tons, as against the partially revised estimate of 10,869,000 acres and 3,573,000 tons, respectively. This shows an increase of 1,778,000 acres or 16.4 per cent in area and 250,000 tons or 7.0 per cent in production over last year.

The increase in both acreage and production of groundnut during the current year has been reported largely by Hyderabad and Saurashtra and to a lesser extent by Madras, Madhya Bharat and Uttar Pradesh and has been attributed to better seasonal conditions during the current year compared with those of last year. The increase in production has, however, been offset to some extent by decreases recorded by Andhra and Bombay, where the crop was adversely affected for want of adequate rains. The production estimates for 1953-54 and 1954-55 in respect of Bombay are based on the results of random sample crop-cutting surveys.

SECOND ESTIMATE OF RICE IN INDIA

The Union Ministry of Food and Agriculture's all-India second estimate of rice for 1954-55 puts the current year's area and production at 68,502,000 acres and 21,593,000 tons as against the corresponding adjusted estimate of 71,324,000 acres and 23,455,000 tons respectively for 1953-54. This shows a decrease of 2,822,000 acres or 4.0 per cent. in area and 1,862,000 tons or 7.9 per cent in production.

Decreased acreage has been shared mainly by Bihar, West Bengal, Uttar Pradesh and Vindhya Pradesh and to a lesser extent by Assam, the Punjab, Rajasthan and Madhya Bharat. The decrease in acreage in Bihar and West Bengal is attributed to bad weather conditions. Andhra, Bombay, Madhya Pradesh, Madras and Hyderabad have, however, recorded slight increases in the current year's acreage under the crop due to favourable weather conditions at the time of sowing. The decrease in production has also been shared mainly by Bihar, West Bengal and Uttar Pradesh and to a lesser extent by Assam, Bombay, Orissa, the Punjab, Rajasthan and Vindhya Pradesh. The decrease in production is due partly to the heavy decrease in acreage and partly to unfavourable climatic conditions.

This estimate generally covers the period up to the beginning of December 1954. Till then, the condition of the crop was reported to be generally satisfactory in most of the States. In parts of Andhra, Assam, Bombay, Madras, Hyderabad and Vindhya Pradesh, however, the crop is reported to have been attacked by insects and pests. This estimate does not cover the total area sown to rice crop during 1954-55. Past experience has shown that the area at the second estimate stage forms roughly 95 per cent of the area finally reported. Production figures have been included in this estimate for the first time during the current year.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
March 1954 ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ,, e ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ,, e ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ,, e ..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July ,, e ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, e ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September ,, e ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October ,, e ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November ,, e ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December ,, e ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
Week Ending										
22-1-1955 ..	305.6*	430.9	344.3*	376.4*	567.1	362.1*	90.6	100.7	88.2	115.1
29-1-1955 ..	302.5	427.8	342.0*	376.5	571.8	360.0	90.6	100.7	88.3	115.8
5-2-1955 ..	303.4	428.5*	340.8	376.8	549.6	359.9	90.6	100.7	88.3	115.4
12-2-1955 ..	308.5	444.1*	340.1*	377.8*	561.8*	364.5*	90.6	100.8	88.2	114.4
19-2-1955 ..	304.9	438.8	340.6	376.6*	563.7	362.2*	90.6	100.7	88.1	113.5

†Economic Adviser's Series. e 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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	—	—	138	327	408	—	—	341	—	—	—
1954 February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	—	—	337	—	—	—
1955 January	335	352	—	132	324	372	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 26-2-1955			5-3-1955			19-2-1955			12-2-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-10	91- 6	92- 9	93-11	92- 4	93- 1	94- 5	92- 9	93- 6	95- 0	92- 7	93-14
Silver (per 100 fine tolas)	166- 4	162- 6	164- 3	166- 7	163-15	166-2	164-15	162-12	163-14	165-14	161- 5	163- 9

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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
June 1954	1,196,24	36,20	1,232,44	40,02	679,40	719,12	57.96	96,80	421,22	1,232,44
July ,,	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,15	695,72	56.33	104,27	434,90	1,226,51
Week Ending										
28-1-1955	1,217,72	17,60	1,235,32	40,02	653,21	693,23	56.12	104,46	437,63	1,235,32
4-2-1955	1,231,82	12,79	1,244,61	40,02	663,15	703,17	56.50	103,82	437,63	1,244,61
11-2-1955	1,242,57	11,44	1,254,01	40,02	663,15	703,17	56.07	103,10	447,74	1,254,01
18-2-1955	1,241,16	13,04	1,254,19	40,02	663,15	703,17	56.07	103,29	447,74	1 254,01
25-2-1955	1,241,99	12,57	1,254,56	40,02	663,15	703,17	56.05	103,66	447,74	1,254,01
4-3-1955	1,265,56	7,34	1,272,91	40,02	673,15	693,23	56.03	102,00	457,74	1,273,91

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
June ,,	110,59	18,52	43,21	43,79	216,04	28,28	254,47	36,44	9,07	171,44	1,29	39,09	85,31	9,84
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,66	33,02	3,02	112,99	1,41	16,36	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	12,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,96	15,45	61,48	34,01	164,95	20,97	196,89	15,19	3,45	74,99	2,01	19,23	71,78	10,26
Week Ending														
28-1-1955	54,03	20,77	58,14	34,06	166,99	22,47	199,46	17,94	2,55	76,40†	79	19,96	70,07	11,76
4-2-1955	48,84	19,36	54,89	34,16	157,24	23,46	190,70	13,03	2,22	71,72†	95	21,26	69,59	11,93
11-2-1955	52,58	11,08	48,78	34,03	146,47	25,93	182,40	11,76	2,23	69,30†	1,24	21,81	64,05	12,02
18-2-1955	51,74	14,12	51,08	34,07	151,01	27,17	188,18	13,26	1,89	68,59†	1,20	20,47	68,25	14,52
25-2-1955	51,87	22,68	48,36	34,32	157,23	27,99	195,22	12,84	4,48	65,50†	91	24,19	66,99	20,29
4-3-1955	52,61	18,65	46,14	22,08	144,60	24,74	179,34	7,48	7,39	58,25†	1,20	28,61	55,75	20,66

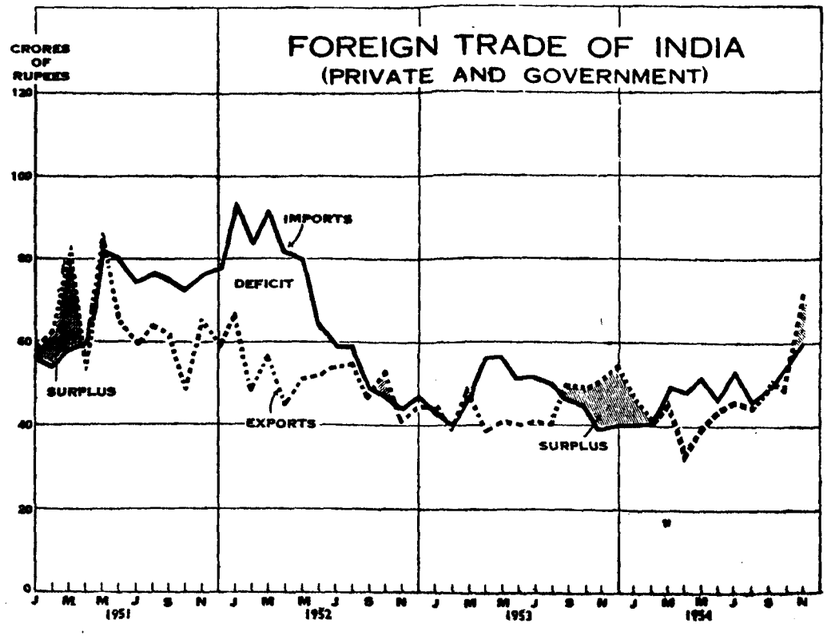
Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

FOREIGN TRADE OF INDIA

SEA, AIR AND LAND

Year & Month	Imports Rs. Lakhs	Exports Rs. Lakhs	Index Nos. of Average Unit declared Value 1948-49=100		Index Nos. of Quantum of Foreign Trade 1948-49=100	
			Imports	Exports (Including re-exports)	Imports	Exports (including re-exports)
1950-51	610,36	624,65	109.0	114.6	93	124
1951-52	955,39	742,78	130.2	168.9	118	98
1952-53	660,65	578,36	128.7	118.9	88	109
1953-54	565,25	527,98	114.3	111.2	85	109
January 1953 ..	43,49	44,45	120.0	110.2	73	110
February	39,99	39,24	122.7	110.5	68	98
March	47,08	48,84	116.4	112.8	85	115
April	56,49	38,87	116.7	110.6	103	97
May	56,07	40,99	121.0	111.7	99	101
June	51,40	40,03	121.0	113.2	88	97
July	51,77	40,98	111.9	110.3	94	102
August	49,95	40,05	111.1	113.3	91	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
January 1954	39,90	44,63	111.2	109.9	73	111
February	40,07	40,76	115.0	110.8	73	101
March	49,59	46,57	118.5	105.3	87	121
April	47,81	31,49	114.7	106.0	87	81
May	51,69	38,71	114.4	109.3	94	97
June	45,75	43,43	114.7	110.7	83	107
July	53,73	47,38	117.0	113.6	96	113
August	45,48	45,63	111.1	113.1	85	110
September	48,48	50,49	112.4	113.9	89	122
October	54,21	47,52	118.4	113.6	94	115
November	60,38	65,69	..	..	..	..
December*	46,74	59,65	..	..	..	..

* Trade by sea and air.



GOLD AND SILVER SPOT PRICES IN BOMBAY

Year	Gold (per fine tola)						Silver (per 100 fine tolas)					
	Highest			Lowest			Average			Highest			Lowest			Average		
	Rs.	A.	p.	Rs.	A.	p.	Rs.	A.	p.	Rs.	A.	p.	Rs.	A.	p.	Rs.	A.	p.
1926—27 ..	21	11	6	21	4	6	21	7	8	72	0	0	55	8	0	63	1	5
1927—28 ..	21	11	3	21	4	9	21	7	6	61	2	0	56	8	0	59	3	7
1928—29 ..	21	11	6	21	4	6	21	6	10	66	6	0	58	2	0	60	9	2
1929—30 ..	22	0	0	21	5	3	21	7	5	59	7	0	46	14	0	53	9	11
1930—31 ..	21	13	3	21	3	6	21	12	6	57	4	0	39	0	0	46	15	1
1931—32 ..	31	2	0	21	3	6	24	4	3	66	8	0	41	12	0	50	3	11
1932—33 ..	32	1	6	26	10	0	29	5	2	60	0	0	48	14	0	52	11	4
1933—34 ..	34	12	0	28	11	0	32	4	5	59	14	0	52	15	0	56	0	10
1934—35 ..	36	13	3	33	3	0	35	15	8	69	0	0	50	7	0	60	13	5
1935—36 ..	36	12	0	31	3	6	35	4	11	87	0	0	46	12	0	65	1	1
1936—37 ..	35	8	0	33	15	3	35	12	6	56	2	0	47	0	0	50	5	8
1937—38 ..	35	2	9	34	3	6	34	7	10	55	15	6	46	1	6	51	4	1
1938—39 ..	37	10	6	34	12	3	35	10	3	53	1	6	48	2	0	51	11	3
1939—40 ..	43	8	0	36	9	0	39	13	11	66	4	0	44	7	6	55	4	9
1940—41 ..	48	8	0	40	2	6	42	6	0	64	13	0	54	10	0	62	8	0
1941—42 ..	57	12	0	41	9	6	44	7	11	97	6	0	61	12	6	66	11	4
1942—43 ..	72	0	0	44	12	0	57	10	10	116	8	0	75	4	0	94	2	6
1943—44 ..	96	4	0	65	4	0	76	11	6	141	8	0	101	8	6	120	7	11
1944—45 ..	76	12	0	61	2	0	71	7	4	143	4	0	113	10	0	128	10	9
1945—46 ..	97	12	0	63	6	0	80	3	0	159	6	0	118	0	0	135	1	11
1946—47 ..	111	0	0	84	4	0	101	1	2	195	0	0	127	0	0	162	4	10
1947—48 ..	117	12	0	95	14	0	108	0	4	183	13	0	142	8	0	166	12	6
1948—49 ..	121	0	0	103	0	0	114	9	10	190	8	0	166	8	0	177	9	0
1949—50 ..	119	10	0	107	2	0	114	14	11	192	12	0	158	14	0	174	11	10
1950—51 ..	120	2	0	104	12	0	113	7	4	198	12	0	173	14	0	185	14	3
1951—52 ..	118	10	0	79	8	0	109	1	1	207	4	0	142	0	0	188	4	3
1952—53 ..	95	14	0	77	5	0	88	0	1	174	12	0	141	12	0	159	8	4
1953—54 ..	93	6	0	79	8	0	86	1	6	167	14	0	148	14	0	157	4	10
1954 January ..	85	6	0	81	13	0	83	6	0	161	8	0	151	12	0	156	11	0
,, February ..	89	13	0	84	14	0	87	0	0	166	4	0	160	11	0	162	13	0
,, March ..	89	10	0	87	14	0	88	14	0	168	9	0	162	12	0	164	14	0
,, April ..	95	6	0	90	7	0	93	2	0	173	14	0	165	14	0	170	4	0
,, May ..	94	1	0	87	15	0	91	6	9	171	15	0	159	13	0	165	1	7
,, June ..	88	2	0	83	0	0	85	6	0	160	6	0	147	15	0	153	13	0
,, July ..	87	7	0	83	11	0	85	9	8	156	10	0	150	3	0	153	13	11
,, August ..	90	14	0	88	6	0	87	15	6	157	0	0	152	1	0	154	1	8
,, September ..	88	14	0	86	7	0	87	7	8	158	2	0	153	11	0	155	14	6
,, October ..	88	13	6	86	7	0	87	8	11	160	14	0	156	8	0	158	5	3
,, November ..	89	8	0	86	15	0	88	7	8	160	7	0	153	12	0	158	7	6
,, December ..	88	12	6	85	12	0	87	9	2	155	15	0	152	1	0	154	1	2
July 2 1954 ..	86	3	0	84	4	0	85	3	3	153	11	0	149	15	0	151	12	6
,, 9 ,, ..	85	4	9	83	11	0	84	9	6	155	4	0	152	15	0	154	3	0
,, 16 ,, ..	85	3	0	83	11	0	84	4	10	156	10	0	150	3	0	153	15	10
,, 23 ,, ..	85	9	0	84	8	0	85	0	11	156	1	0	152	2	0	154	9	0
,, 30 ,, ..	87	1	0	84	10	0	85	15	8	154	2	0	151	15	0	152	15	2
August 6 ,, ..	87	14	0	86	0	0	86	12	11	154	7	0	152	1	0	153	0	6
,, 13 ,, ..	90	1	0	86	15	0	88	5	1	155	6	0	152	6	0	153	12	8
,, 20 ,, ..	90	14	0	87	12	0	88	14	0	157	0	0	154	2	0	155	2	0
,, 27 ,, ..	89	7	0	86	2	0	87	13	6	156	0	0	153	0	0	154	11	0
Sept. 3 ,, ..	88	8	0	86	13	0	87	11	1	164	14	0	153	4	0	154	2	0
,, 10 ,, ..	88	14	0	87	2	0	87	15	0	156	9	0	153	11	0	155	7	10
,, 17 ,, ..	88	0	6	86	7	0	87	3	10	155	14	0	154	0	0	155	0	2
,, 24 ,, ..	88	5	0	86	15	6	87	11	0	158	2	0	155	5	0	156	11	10
October 1 ,, ..	87	8	6	86	7	0	87	1	2	157	13	0	156	8	0	157	2	4
,, 8 ,, ..	87	5	6	86	13	0	87	1	2	157	5	0	156	8	0	156	14	0
,, 15 ,, ..	88	9	0	87	2	6	87	14	4	158	10	0	156	13	0	157	15	10
,, 22 ,, ..	88	13	6	87	6	0	88	3	3	160	14	0	158	10	0	160	0	10
,, 29 ,, ..	87	15	6	87	2	0	87	8	10	160	3	0	158	11	0	159	9	4
November 5 ,, ..	88	15	0	88	2	0	88	7	5	160	7	0	158	5	0	159	4	0
,, 12 ,, ..	89	8	0	87	12	6	88	4	8	159	13	0	157	11	0	158	7	10
,, 19 ,, ..	89	5	0	88	8	0	88	14	8	159	8	0	157	8	0	158	13	8
,, 26 ,, ..	89	2	0	86	15	0	88	4	0	158	11	0	153	12	0	157	4	6
December 3 ,, ..	87	13	6	85	12	0	86	9	6	155	13	0	152	7	0	153	14	2
,, 10 ,, ..	87	13	0	86	9	6	87	4	4	155	8	0	153	5	0	154	5	7
,, 17 ,, ..	88	0	6	87	4	0	87	9	5	154	12	0	152	1	0	153	10	2
,, 24 ,, ..	88	8	0	87	5	0	88	0	3	154	6	0	152	6	0	153	7	6
,, 31 ,, ..	88	12	6	87	11	0	88	6	6	155	15	0	154	4	0	155	0	6

RICE (PADDY): AREA AND PRODUCTION
1948-50, 1952, 1953 and 1954 (a)

Country	Area (000 hectares)				Production (000 metric tons)			
	1948-50	1952	1953	1954	1948-50	1952	1953	1954
EUROPE								
France ..	8	22	19	*19	27	89	*69	*68
Greece ..	7	21	17	22	21	75	66	87
Hungary ..	13b	—	—	..	37c	—	—	..
Italy ..	138	174	175	..	645	930	926	916
Portugal ..	27	34	32	36	97	141	129	*143
Spain ..	*55	64	66	69	267	325	393	302
Yugoslavia ..	2d	3	4	8	4d	8	16	26
TOTAL	270	370	370	400	1130	1680	1730	1700
N. & CENTRAL AMERICA								
Cuba ..	*53	*63	*85	*91	*68	*126	*170	*175
Dominican Republic ..	46	*54	*55	*60	60	73	75	*82
El Salvador ..	*15	16	14	10	*24	27	24	18
Mexico ..	99	82	94	..	178	151	152	*159
Nicaragua ..	16	*20	*32	..	19	*38	*34	..
Panama ..	*59	67	*79	*81	*80	92	111	113
United States ..	707	795	864	968	1780	2182	2383	2655
TOTAL	1080	1180	1320	1440	2310	2780	3060	3340
SOUTH AMERICA								
Argentina ..	44	61	65	..	131	194	228	..
Brazil ..	1896	2072	*2200	..	3040	3072	*3160	..
British Guiana ..	39	62	55	..	87	125	134	..
Chile ..	25	30	29	*170	69	87	88	..
Colombia ..	134	*166	*150	..	280	330	310	*350
Ecuador ..	*83	*81	70	..	*119	*153	*135	..
Peru ..	47	*60	*62	..	161	247	*230	..
TOTAL	2350	2620	2720	..	4040	4400	4410	..
ASIA								
Associated States of Cambodia ..	1058d	1166	1205	..	1260d	1471	1503	..
Laos ..	850d	800	—	..	565d	500	—	..
Viet-Nam ..	*1650e	1924	1870	..	*2210e	2633	2463	..
British Borneo ..	*228	—	—	..	167	—	—	..
Burma (f) ..	3827	4000	4044	..	*5220	5841	5616	..
Ceylon ..	392	400	434	..	—	494	553	..
China: 22 provinces ..	*18500b	—	—	..	*46300c			
Manchuria ..	*350e	—	—	*805	*646e	—	—	..
Taiwan (Formosa) ..	*753	*780	*815	..	*1725	*2050	*2280	..
India ..	30221	30030	31017	..	33539	34282	41268	*2220
Indonesia: Java & Madura ..	*6000	4082	4017	..	*8400	6406	6452h	..
other Islands ..		2450	—	..		3224	—	..
Iran g ..	246	300	—	*250	460	*420	*500	*365
Iraq ..	243	*210	*215	3051	278	*270	*285	*355
Japan ..	2968	3004	2982	*1110	11995	12404	10293	11761
Korea, South ..	*1055	*923	*1110	*915	*3061	*2900	*3400	*3330
Malaya, Federation ..	353	334	333	*340	637	711	658	*630
Pakistan ..	8865	9314	9928	*9200	12580	12416	13946	*12900
Philippines ..	2223	2456	2920	..	2620	3144	3182	..
Thailand ..	5063	5130	*5931	*5750	6767	6602	*8239	*7700
TOTAL	86400	88200	91600	..	141100	147200	156200	..
AFRICA								
Belgian Congo ..	146	163	164	..	148	170	177	..
Egypt ..	306	157	178	256	1239	517	652	..
French West Africa ..	760	821	—	..	491	577	—	..
Gambia ..	23	—	—	..	20	—	—	..
Gold Cost & Br. Togoland ..	18g	20	—	..	18g	23	—	..
Madagascar ..	584	675	*710	..	769	1021	*1100	..
Sierra Leone ..	320	320	—	..	245	245	—	..
Tanganyika ..	48	58	—	..	63	62	44	..
Zanzibar and Pemba ..	9	5	8	..	13	5	14	..
TOTAL	2860	2800	2900	..	3610	3200	3400	..
OCEANIA, TOTAL	30	30	30	..	90	100	110	..
WORLD TOTAL .. .. (excl. U.S.S.R.)	93000	95200	95200	..	152300	159400	168900	..

* Provisional. a—Preliminary. b—1948 and 1949. c—1948. d—1949 and 1950. e—1950. f—Excludes Putao, Chin Hills, Shan States, and Karenni. g—1948 and 1950. h—Irrigated paddy and upland paddy on irrigated fields only.

Note: 1 hectare = 2.47 acres
1 metric tons = 1.10 short tons.
0.98 long tons.

Source: F.A.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.)

Air Freight Edition

The Eastern Economist

VOL. XXIV. NO. 11. NEW DELHI: MARCH 18, 1955. ONE RUPEE

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The Courts and the Legislature

FROM the tone and spirit of the speeches made by Members of Parliament—elected as they are by the people on the basis of adult suffrage—there can be little doubt that the vast majority of the people in the country are behind the Government in its move to amend Articles 31A and B of the Constitution in order to expedite certain social and economic reforms and thereby accelerate the pace of progress towards a "socialistic pattern" of society. It cannot be denied that a conflict has arisen between the judgments of the Supreme Court and the declared objectives of the elected legislatures in respect of social reconstruction policies. Moving for reference of the Constitution (Fourth Amendment) Bill to a Joint Select Committee, Mr. Nehru pointed out that the main ground which has impelled the Government to bring forward an amending legislation of such grave import is the Supreme Court's decision in the Sholapur Mills case which thwarted the Government's intention to hand over the control of the mismanaged mill to more competent hands. The Supreme Court held that the Government had no right to take control of the mill unless it paid full compensation for it. The judgment made it clear that the Article gave no protection to the State and that it has no fundamental rights against the individual citizen. The State is unable to reconcile itself to this situation, and the Government is only trying to resolve this conflict between the objectives of social reconstruction, the Fundamental Rights and the Directive Principles of State policy.

But where the Government and the Members of Parliament seriously err is in questioning the attitude of the Supreme Court in its decisions. Some thoughtless attacks were made on the floor of the House by certain Ministers and Members who ought to know better about the true functions of the Supreme Court as an important limb of the Constitution. The Prime Minister has been restrained in his view that there was no question of challenging, modifying or minimising the authority of the judiciary though the ultimate authority to lay down what political, social and economic laws we should have, was "Parliament and Parliament alone". But a responsible Minister went to the extent of saying that the Supreme Court had failed "to move with the times and interpret the Constitution in such a manner that progress would be possible" and that it had made the carrying on of Government impossible. This is, to say the least, an unjust and unmerited aspersion on the Supreme Court whose decisions have all been in the best traditions of any independent judiciary in the world. The Supreme Court's function is to interpret the Constitution strictly and entirely from the judicial standpoint and not to take upon itself the duty of assisting progress according to the ideas of the politician clothed in brief authority or of hindering his policies so long as the letter of the law enables him to proceed. If there have been loopholes or irregularities in legislative enactments, surely the Court was not to blame but the drafters themselves. It is, therefore, incumbent upon the legislature to make its enactments foolproof instead of expecting the courts to interpret their provisions to its liking.

The case for the amendment of the Constitution was ably and lucidly expounded by the Home Minister in the Rajya Sabha on Thursday. It cast no reflections on the pronouncements of the judiciary. Indeed, the language of our Constitution did not permit much discretion to the courts. The analogy drawn in the Lok Sabha to the doctrine of police powers in the U.S.A. was wholly misconceived. The U.S. Constitution did not define the powers of the Union and the States exhaustively and judicial interpretation has only supplemented over a century and a half most of the missing elements. No Judge worth his reputation could have evolved a theory of police powers on those lines in order to help the State against the specific and mandatory terms of the Articles of the Indian Constitution. Nor could the Supreme Court, in interpreting the fundamental rights of the citizen as against the State, be carried away by considerations about the latter's convenience. It would have been highly unfortunate if the courts had adopted any other course than they did and avoided the clear meaning of the Constitution.

A straightforward justification of the Fourth Amendment Bill would be that the political climate has changed greatly since 1949. Article 32 as it now stands, then provided the greatest common measure of agreement; but today it is politically expedient to proceed much further. This amendment is therefore on a par with the declaration about the socialistic pattern of society which was inherent in the Congress Party's ideology all along. No theory of earlier mistakes is necessary—as under Communism—to explain changes. There is no case for rigidity in the Constitution though a reasonable measure of stability is necessary in fundamental principles. The judiciary need not be made a scapegoat for ushering in a change of approach on this issue. Even the Opposition, which today has passively acquiesced in the assault on the Judges, cannot overlook the fact that when it comes to a question of personal liberties, there is safety only in the preservation of the status of the judiciary. The unwarranted aspersions on its capacity to interpret the law fairly and boldly should not have been left unchallenged because the Opposition has no stake in the right to property.

With this qualification the Fourth Amendment Bill may be accepted as an attempt to clarify the law in accordance with the Government's goals of public policy, even if some of the methods are not well-conceived and are liable to misuse. The supremacy of Parliament in laying down the law is not in question.

By incorporating Articles 31A and 31B, when the first amendment to the Constitution was made in 1951, the fixation of compensation for the acquisition of landed estates was made non-justiciable. This principle is now sought to be extended to remove the difficulties likely to arise in the case of certain other kinds of social legislation like the imposition of ceilings on landholdings. The present amendments are made to rectify the effects of the Supreme Court's decisions by clarification of the law. They will vest the State with discretionary powers to take over or requisition property, and also to take over the management of any property for a temporary period, or transfer any undertaking wholly or any part from one company to another. From this the inference is irresistible that the decisions of the Supreme Court are a mere occasion that the Government has seized hold of for effecting the drastic changes contemplated. Mr. Nehru has been at pains to emphasise that, apart from certain cases like slum clearance, fair and just compensation would be paid to the parties deprived of their property; only the manner and quantum of compensation would be left to the legislature. Ultimately a Constitution and a Bill of Rights can only be as safe as the prevailing political temper permits them.

Many of the expressions in the Bill such as "public interest", "public purpose" and "proper management" are vague. Their interpretation is capable of ambiguity. If the Sholapur case provides evidence in support of these changes, certain other cases, such as the Bombay Government's policy on English schools, which flagrantly violated the express language of the Constitution, provide even greater strength to the argument that State Governments are likely to misuse the powers now proposed to be conferred on them. The President's assent is the ultimate safeguard for such legislation. This is only a plea for trust in the good faith of the Central Executive. Again, it is stated in the Statement of Objects and Reasons that the reforms in Company Law now under contemplation, such as the progressive elimination of the Managing Agency system, require to be placed "above challenge". Leaving aside the propriety or otherwise of eliminating the Managing Agency system, what is disquieting is this resentment of challenge before the courts. The tendency to evade it may grow by what it feeds upon. The growing addition to the schedule of unchallengeable laws is an unworthy subterfuge and a flight from the responsibility to define legal principles within the scope of the Constitution as amended from time to time.

Now that the Bill is on the anvil and is almost certain to be enacted, the scope for certain modifications must be explored. In taking over property for management, the Government is not obliged to pay compensation if it is for a "limited period" but it may be desirable to specify the upper limit for such a period, within which variations may occur according to the nature of individual cases. With all the safeguards now sought for company laws and the restricted application of the term deprivation of property, there is no need to resort to the questionable device of adding more laws to the Ninth Schedule.

To Tax and to Please

SPEAKING in the Upper House last week while winding up the budget debate, the Finance Minister, Mr. Chintaman Deshmukh, offered an assurance to the House to the effect that "the community will not be asked to bear any taxation which on examination is likely to prove burdensome." This statement followed an earlier assurance in the same speech that heavy taxation was not being imposed on the public for the sake of implementing the Plan. Are these assurances then indications of a feeling that, whatever be the limits of taxable capacity in the country in a strictly economic sense, the political frontiers of safe taxation have been reached at the present time? So long as there was scope still left for increasing the rates of direct taxation on the higher incomes, or for further tightening up of the few loopholes left, as in the case of S. 23-A of the Income Tax Act, the Government of India has not lacked courage nor has it failed to secure sufficient political support for its drastic measures. But now that the maximum rate of 88 per cent has been imposed on the highest slabs of income, has the Finance Minister reached the end of his fiscal as well as political tether?

Such a conclusion would be very much at variance with the opinions of the Taxation Enquiry Commission, though the Commission has admitted that the political limits of taxable capacity are usually reached earlier. The Commission had emphasised the need for both depth and range in any future scheme of taxation. "Additional taxation of a wide range of luxury or semi-luxury products at fairly substantial rates" says the T.E.C. Report, "accompanied by broad-based taxation of articles of mass consumption at comparatively low rates, is, therefore, indicated." While the Commission has thus insisted on taxation as an instrument of raising resources for investment available to the public sector and as a method of enforcing "the largest practicable restraint on consumption by all classes," the Finance Minister has now to reckon with political resistance of an order which hitherto was not very much in evidence in the case of variations of customs and income taxes.

This awareness of a political limitation has probably had a very salutary effect because it has served indirectly to put the Taxation Enquiry Commission's allergy to all consumption into some perspective. The Commission felt quite convinced that more taxation of articles of luxury would not produce sufficient revenue. It was also quite clear in its mind that for commodity taxation "to produce substantial receipts with appreciable restraint in consumption, it will be necessary to extend excise and sales taxation to the consumption of lower income groups and of goods commonly classed as necessaries." The Commission was definitely opposed to the exclusion of even essential goods from such taxation; in its view such taxation of essentials was a much lesser evil and still preferable to the inflation caused by deficit financing. On the other hand, public opinion regards excise taxes still in terms of Dr. Johnson's old definition as a hateful tax levied upon commodities. And there has been a general appreciation of the Finance Minister's decision to resort to financing of development through expansion of credit, which has not been discouraged by the solemn warnings of the experts.

Mr. Deshmukh's apologia to the Rajya Sabha shows him to be sufficiently flexible and practical so as not to be led away by text-book prescriptions of the Taxation Commission on this subject. Any Finance Minister can function only in accordance with the capacity of the political party to give him the necessary support. Finance Ministers of State Governments have long understood these simple lessons of party politics, which have, till recently, eluded the Union Finance Minister, who took them severely to task at the last meeting of the National Development Council for failing to raise the additional revenues expected of them. Mr. Deshmukh could then say so because he was not only functioning behind the enormous prestige of the Prime Minister and his hold over the Congress party—an advantage denied to almost all the State Governments—but also possessed flexible sources of revenue like customs and income-tax which minimised the squealing of the tax-payer. There is now a visible change. Mr. Deshmukh has now given expression to the difficulties of the States arising from their heavy burden of development work and their restricted sources of revenue. He has even offered to help in finding a way out for them by transferring some items of development expenditure from the revenue to the capital side so as not to compel the States to raise revenues by taxation for financing the Plan.

This indeed is a welcome improvement at a time when the implementation of the Plan required that the States and the Centre should pull together as one team. The earlier state of relations, by which the Centre often pointed to the shortcomings of the States and the latter complained of the disobliging policies of the Centre, has ceased to have relevance today. In spite of the dominant stature of the leadership of the political party at the Centre, there are limitations to the sacrifices which it can demand from the people in the short-term. There is not much difference in the calibre of the Congress rank and file between the Central and State levels. Its capacity to rise in stature and responsibility in order to make higher taxation palatable to the tax-payers will only grow slowly. At the moment, members of the Congress legislature parties can only become popular by extracting concessions—whether it is in railway fares, or in excise duties—and not by carrying out persuasive campaigns for large sacrifices on the part of their constituents.

Judged by the Taxation Enquiry Commission's standards, these trends may seem entirely deplorable. "It would not be incorrect to state" says the Commission "that taxable capacity shrinks with impecunious and unpopular policies and ineffective governance and expands wih beneficent and competent administration." We need not now go into the relevance of this generalisation to the policies of the Finance Minister, or to the administration of the Government of India. Taxation is not merely a question of organising the administration to catch within the budgetary net all those who now escape it. The relief from income-tax on incomes between Rs. 3,600 and Rs. 4,200 indicated that the cost of wider taxation was often higher than the benefits. The conditions in which incomes are earned and spent are very much different in this country from those in other areas from which our experts often borrow their maxims. No ready alternatives are available and in a democracy sacrifices are best imposed only through persuasion. In recognizing the supreme importance of this principle, the Finance Minister has acted wisely and in time.

To the denizens of the ivory tower, all this may not make sense. The tax concessions would be regarded as an unworthy attempt to lead the country up the garden path into a belief that there is a painless path to economic development. To the practical policy-maker, however, the diversification of consumption along with a greater measure of contentment—after the long spell of austerity of the war and post-war years—seems a better stimulant for the desire for economic progress.

The Stassen Plan

THERE cannot be any room whatever for speculation now on the nature of the Stassen Plan of economic aid for Asia. At the Press Conference which he held at Washington yesterday, Mr. Stassen revealed that his plan for Asia has been conceived on a massive scale, aiming at increasing the gross national product of Asian countries by 30 per cent during the period of the next eight years. It is this plan for which the Administration will strive to secure the approval of the Congress.

The reactions which the Foreign Operations Administrator carried with him after his Asian tour are heartening by all accounts and his Press Conference in New Delhi early this month is just one indication how the determination of Asian countries to push through their national programmes has earned the confidence of foreign countries in their capacity to achieve the goals of progress that they have set for themselves. This is a vital factor in the preparation of the plan and since the centre of gravity in the American foreign aid programme has distinctly shifted to Asia and the Far East, there has been no hesitation in giving the programme solid content in the initial year. There is ample evidence that appropriations for economic aid for the fiscal year 1956 must in any event be equal to the $700 million mark attained in the current fiscal year. The probabilities are that they will be fixed at a higher figure.

A factor of fundamental importance and far-reaching effect in the entire issue is the positive trend in the foreign aid policy of the Eisenhower Administration to evolve a long-term plan for Asia. The financial allocations that will be made for the coming fiscal year will be an indication of the firm, if modest, start which the programme will make, but there can be little room for doubt over the momentum it must gather at no distant date. The financial size of the aid is only one aspect of the plan, but it is by no means the overriding criterion of its strength and potentiality.

Asian countries themselves have now arrived at a new conception of their economic development. The post-war experience, partly in reconstruction and partly in development, has brought a vital realisation of the value of self-reliance in the longer perspective. Hitherto foreign assistance at Government level has been of considerable and timely value in implementing projects of economic expansion. But with experience has come the knowledge that the character of the aid is of far greater significance than its quantum in money terms. Appropriate techniques of the administration of the aid funds, suited to the specific requirements of individual countries, have usually brought benefits quite out of proportion to the size of the funds. The root of this agreeable result is to be traced to the sense of confidence created in the capacity of the countries of this region to raise the levels of their economic growth by their own efforts. This basic faith in self-help is to be the core also of the Stassen Plan.

Barring a few exceptions, Asian Governments themselves will not choose to place themselves under deep obligations assuming the character of aid from abroad. This attitude is partly influenced by considerations of expediency which cannot overlook popular susceptibilities, but in essence it is born of a conviction that the resources of the soil must in the final analysis determine the rate and magnitude of progress. This factor must also be regarded as of great significance in the Eisenhower Administration's standards in determining the size of aid to individual countries. The capacity of the country to digest the aid and to put it to the most effective use must govern the amount of funds to be allocated to it. The appropriations should demonstrate beyond any reasonable doubt that the quantum of assistance has no relation to the affinity or otherwise of the political policies of the receiving countries with the policies of the American Government.

The pattern adopted for the plan, however, should serve to give the assurance that this is far from being the case. Mr. Stassen has adopted a wise course in enlisting the participation of European countries in the implementation of the programme and it is one of its vital planks that the agency of the Colombo Plan will be associated with its administration. Final proof will necessarily come to the extent that the objects of the distribution of funds are reflected in concrete terms of expansion of production and employment.

The mode of implementing the plan is now fairly clear and it would appear to have been reasonably conceived. Assistance will be offered in the form of long-term loans, spread probably over a period of forty years, at low interest. But while loans will assume the principal form of aid and facility will be extended further by way of the concession of repayment in local currencies, grants will constitute an integral part of the method of distribution. This technique necessarily implies bilateral agreements between America, on the one hand, and individual beneficiary countries, on the other. The bilateral pattern casts an obligation on Asian countries to take the initiative in creating a suitable climate for progressive expansion of the plan.

One fact which should be obvious from this pattern is the limitation of its bilateral aspect. While the agreement for loans in particular will have to be bilateral in character, it would be a great mistake to assume that the execution of the plan as an integrated aid to Asian development must inevitably be arranged on an individual basis. The goal of the entire programme ought to be to stimulate democratic planning for the achievement of higher standards of living. This consideration is crucial to the original character of the plan. Over the South-East Asian region, the potentialities and effectiveness of democratic planning must be brought home to the peoples in a manner which will dispel any emotional admiration for the rate of economic progress under totalitarian planning in China.

This result can be achieved if there is conscious direction towards an integrated approach to the overall execution of the plan. America has a legitimate obligation to safeguard the rehabilitation and expansion of the economies of Indo-China, Thailand, South Korea and Japan in the context of the prevailing shift in the Communist strategy in the cold war. Independently of this obligation, Japan's present predicament in maintaining the equilibrium in her payments position constitutes a pressing reason for imparting a regional bias to the mode of the execution of the plan. She can now claim to have retrieved her moral position through her reparations agreement with Burma. Her capacity to supply capital equipment for the industrial programmes of her Asian neighbours and dependence on overseas supplies of raw materials and food entitle her to an important role in the regional effort. If the analogy of the Marshall Plan cannot be stretched too far, it has a basic application to the Stassen Plan.

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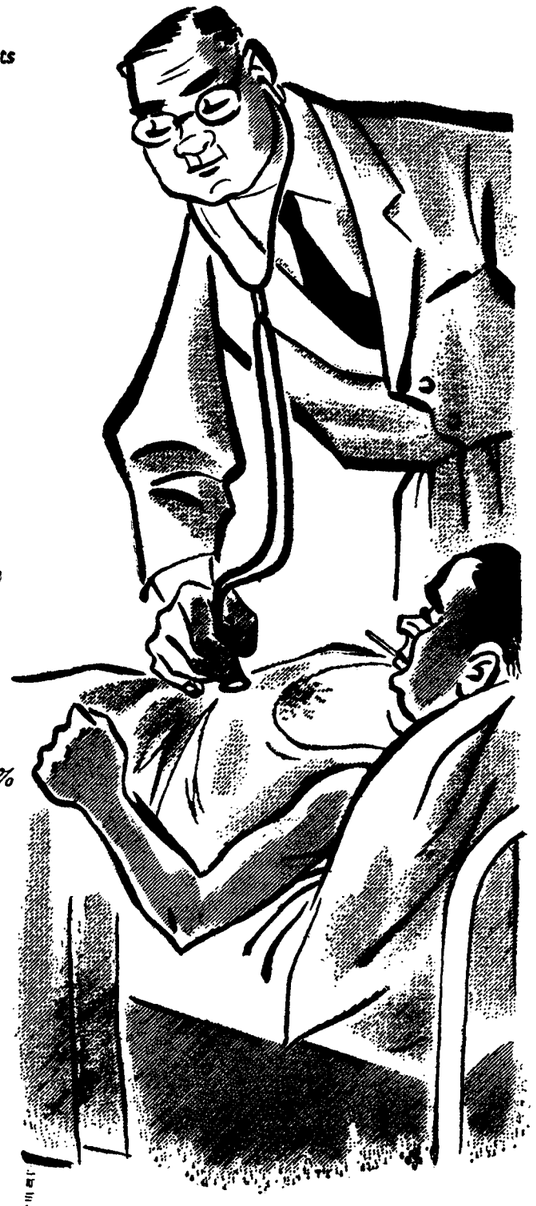
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THE WEEK'S NOTES

LEADERSHIP FOR ANDHRA

THE Congress President, Mr. U. N. Dhebar, has used his good offices to some effect for securing the unanimous election of Mr. B. Gopala Reddy as Chief Minister of Andhra. Because of this unanimity, differences within the United Front about political rewards may not rise to the surface immediately. It does not mean, however, that they will die away. If Mr. Dhebar succeeds in preserving this unity for another two years at least, it would be an achievement of his leadership. If the past is any guide, the present discontents may simmer within and erupt later at an inconvenient time to expose the weakness of the Congress party. Mr. N. G. Ranga is expected to become the head of the State Congress organisation, an elevation which may provide proof of the readiness of the Congress to take back its former members on honourable terms. Mr. Gopala Reddy's parliamentary and administrative experience, especially in matters of finance, in the composite Madras State would be very valuable to Andhra during the next few years when the new State must be established on sound foundations. It is only on that ground that the omission of a revered but aged and infirm leader of Andhra, Mr. Prakasam, can be justified. Like his political contemporary in Madras, Rajaji, Mr. Prakasam can now assume the role of an elder statesman in Andhra.

However, the total replacement of the old leadership makes it appear that even when the electoral verdict has been favourable, the party's own verdict on the previous Ministry, implied in these changes, is adverse. Mr. Sanjiva Reddy who is expected to continue as Deputy Chief Minister, has proved a good party organiser and his disappointment seems to be the keenest of all. It is essential that such disappointments are not allowed to be reflected in the team work in the Cabinet in future.

References in the House of the People last week to the recent elections in Andhra were couched in very appreciative terms. The tributes paid by some of the Opposition spokesmen were unqualified and the Home Minister's proposal to break precedent and convey such appreciation to the Governor who organised the elections was well conceived.

LE AFFAIRE CAMBODIA

PRINCE Norodom Sihanouk's visit to New Delhi this week may help to throw some light on the reasons for his abdication in favour of his father and the difficulties about constitutional reforms. King Norodom Suramarit has shown himself to be wholly in agreement with his son on this question. At the opening of the National Consultative Council last week, he referred resentfully to foreign interference in Cambodian internal affairs, which is taken as a reference to the International Control Commission's activities. The truth of this charge cannot be verified but there seems to be no 'prime facie' reason to distrust the King and the Prince who have felt frustrated on this matter. The people had given an overwhelming vote in favour of the Prince and it would be highly undesirable if the I.C.C. should interfere in such matters at the suggestion of local political cliques. It is not clear how the International Commission thought that his constitutional proposals were in contravention of the Geneva Agreement. The Geneva Declaration only requires that the authorities of the three States should not permit any individual or collective reprisal against persons who had collaborated with one of the parties during the war or against members of such person's families.

It is not clear whether the constitutional proposals which were said to have been directed against political parties were taken as a direct blow against the Khmer's acting in future through the electoral process to cause instability in the country. The incident serves to illustrate some of the complexities facing the Commission and the various influences at work. The young Prince has often in the past adopted dramatic tactics to have his way, especially in his relations with the French. But the charge of interference against an International Commission, which has on the whole faced a difficult task and acquitted itself well, is a serious one and should not have been levelled very lightly in the way in which it has been done because it could alienate Cambodia's friends and help her enemies.

KING TRIBHUVAN

THE late King Tribhuvan became the central figure in the politics of his country only less than five years ago. The world outside has known him well only during this period and the regret now felt over his death provides some measure of the recognition of his great contribution to the cause of the people of Nepal. It was no mean step that he took in 1950 to free himself and the Nepalese Crown from the grip of the Rana oligarchy which had exercised control over the State for over a century. King Tribhuvan thereby made himself the spearhead of a popular movement against the dictatorship. Since then, the King has been the main source of stability in troubled Nepal because the popular representatives have failed to justify the faith placed in them and have disappointed all persons outside Nepal who have taken a friendly interest in the progress of the country. The King was a sick man all along and the long period of exclusion of royalty from all affairs or State proved his serious handicap in tackling the new complications of democracy. King Tribhuvan's sincerity of purpose and prestige, however, prevailed to ward off the worst consequences of these troubles.

The Crown Prince who has now been proclaimed King has a vital role marked out for him. The end of feudal rule which was accomplished by King Tribhuvan has to be followed by the establishment of a stable administration based on popular consent. The new King's age is in his favour and he must be in a better position than the late King in understanding the political attitudes of the younger leaders and in utilising them for the constructive tasks ahead. These leaders may not be inclined to leave aside their political wrangles unless the King is able to enlist popular support on his side and use it in an effective manner. The King of Cambodia has used this technique to some purpose and the future role of royalty in the few areas in which it survives may lie in helping to save the new democracy from its enemies who are found among the people themselves.

LAST RITES FOR FOOD CONTROLS

THE abolition of the zonal restrictions on the movement of wheat would now formally complete the process of decontrol of food grains which started in June 1952. Wheat is the only grain the movements of which are still regulated; with the surpluses expected in U.P., Punjab and Pepsu and prices still showing a declining trend, there is little justification for the

continuance of these zonal restrictions. The Government's decision to hold reserve stocks and the obligation to import under the International Wheat Agreement were the main reasons for the existing controls. But with the prospect of further decline in wheat prices the case for freedom of movement from the surplus to other areas has become strong. It is only when all measures are taken to ensure freedom of the market, in order to let prices rise, that the question of direct official intervention through price supports can arise on the lines indicated in the President's address.

But a mere order of decontrol of movements would not be fully effective unless reinforced by additional availability of transport facilities. If the deficit and surplus zones are contiguous, as they are in the case of rice, road transport may fill the gap. But the wheat surplus zones are all together (except for Delhi State) and railway transport may have to meet a good portion of the additional movement. The continued release of imported wheat in Bombay and Calcutta at Rs. 13-8 per maund is another limiting factor, but since this price is much higher than the probable support levels for wheat, the question of discontinuance of such releases will not arise for some time at least. The decision now taken is significant as a final vindication of food decontrol.

POWER PLANNING IN DAMODAR

THE report that the Central Water and Power Commission has estimated the power requirements of the Damodar Valley at 365 megawatts within the next decade shows that there is broad agreement on this point between the Commission and the DVC. At present there is an unutilised surplus and the demands on Bokaro and Tilaiya power have not grown as fast as was expected three years ago. Some of the contracts have been slow to materialise. There is also a surplus available for the DVC grid from the Sindri power station but this surplus may be utilised by the new units to be installed in Sindri. Tilaiya's hydel power supply at present is only one-fourth of its meagre capacity of 4 megawatts. In Bokaro, however, the present surplus is still very large even when the latest firm demands are taken into account. The new power stations at Maithon and Panchet are expected to go into operation within the next two years. The position roughly is that present plans for power generation may meet the estimated demand during the next six years.

Meanwhile, some expansions to present capacity are also inevitable. It is unwise to continue to regard Konar, on which a costly investment has been made, merely as a source of supply of cooling water to Bokaro. It is better to have a power station attached. The second proposal for additional power relates to the fourth unit at Bokaro, for which provision exists in the present structure and which would be less difficult to instal than the deep underground station at Konar. With the vast potentialities for development of the Damodar Valley, it would be absurd to imagine that electric power would ever become surplus in the long run. Plans which are very much in advance, however, introduce controversies where there should be none, if the increase in effective demand becomes visible in the the extensions to the DVC grid and in the new agreements expected to be reached with customers. The DVC has had enough of its quota of controversy. There would certainly be no disaster if power planning becomes more moderate (after the Konar and Bokaro schemes are sanctioned) and gets more directly related to other development projects in the area.

WORKING JOURNALISTS AS WORKERS

THE promptness with which the Working Journalists (Industrial Disputes) Bill has been passed by Parliament is due largely to the support of the Press Commission on the one hand and the general unanimity with which the journalists themselves have preferred the application of the Industrial Disputes Act for settlement of disputes. The definition of the working journalist would include everyone from an editor to the cartoonist, photographer and proof reader, though it may be that the editor as an employer may often find that his interests conflict with those of his subordinates. The debate in the Lok Sabha turned mainly on whether the benefits of the Act should be restricted to bodies registered under the Trade Unions Act and, in particular, related to the recognition of the South Indian Journalists Federation's right to negotiate on service conditions. Perhaps this Federation will also be able to register under the Trade Unions Act to become eligible for the purpose, without prejudice to its wider purposes by virtue of its formation under the Societies Registration Act.

But there could have been no harm in recognising such bodies for purposes of negotiation on behalf of its members. A second argument, that the SIJF also consists of proprietor-editors and as such is a composite body, has also been refuted by the SIJF. So long as an editor can also be a working journalist, it is doubtful whether any proprietor can be excluded if he registers himself in the capacity of an editor in a trade union. The definition now insists that a person's "principal avocation" must be that of a journalist and it is questionable whether any person, doing editorial duties and holding such a position, can be ruled out because of proprietary interests. These difficulties should have persuaded the sponsors of the Bill to be more accommodating in their attitude, especially when the Press Commission could not find objections to such a course.

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AGRICULTURE

Indian Oilseeds Statistics: Some 27 million acres are under oilseeds cultivation at present in the country, yielding an aggregate of 5 million tons of seeds; of these about 4 million tons are annually crushed for oil both by power mills and village ghanis. The annual production of the five major oils is estimated at nearly 1.25 million tons. These vegetable oils besides being an important source of fat (cooking medium) also provide raw material to a number of industries and constitute an important item of export from the country. During 1952-53, exports added nearly Rs. 28 crores to the foreign exchange earnings of India.

TRADE

Philippine Kenaf Plan: According to the Indian Central Jute Committee increased internal production of kenaf and kenaf bags to replace the imported Indian gunnies is envisaged in a draft Five-Year Plan now being considered by the Philippine Government. The kenaf self-sufficiency programme derives urgency from the Government's anxiety to protect the national jute industry as well as to save the large amount of foreign currency spent on sacking imports. Kenaf, a near substitute for jute, can be spun and woven on jute machinery. Linked with this policy is the Government's decision drastically to curtail the imports of sacking. Production of jute bags and sacks in the Philippines for the half year 1954 (Jan.-June) has been of the order of 9.5 million pieces of the value of Rs. 11.43 million as compared with 11.2 million pieces (Rs. 16,83 million) during the same period of 1953.

*

U.S. to Import More Indian Peanuts: The U.S. President has announced that an additional 51 million pounds of peanuts could be imported into the United States this year until June 30, 1955. These imports represent a 30-fold increase over the amount previously authorized for admission during the year beginning July 1, 1954, and are subject to a duty of two cents a pound over and above the basic duty of seven cents a pound. Most of the imports will come from India and Mexico. The increased quota was necessary because the present peanut import quota of 1.709 million pounds has been exhausted. The recommendation of the Tariff Commission in approving the import increase has been accepted largely; the proposal, however, that the added fee be raised from two to four cents a pound on all imports above 48 million of the 51 million additional pounds authorized for admission has been rejected.

*

Import of Long Staple Cotton From the U.S.A.: An agreement was recently concluded with the Government of the United States of America for the purchase of long staple cotton for the production of fine cloth. The cotton would be imported into India as part of the American Aid Programme. It is proposed to import 75,000 bales of staple length 1-1/6 inch and above, valued at $12 million, through normal trade channels on licences issued by the Government of India. The suppliers in the United States would be paid by the U.S. Government and the importers in India would deposit the rupee equivalent in a Government account.

*

Export Duty on Cottonseed Oil: The Government of India have decided to allow the export of a small quantity of cottonseed oil from all ports up to the end of April 1955. Exports will be allowed by crushers of cottonseed oil on shipping bills on production of evidence of firm sale contract, cess paid and freight booked, subject to a maximum of 300 tons by each crusher. Details of licensing procedure are being notified by the licensing authorities at the ports. By a separate notification issued simultaneously the Government have imposed an export duty of Rs. 60 per ton on cottonseed oil.

FINANCE

Payment of Remuneration to Reserve Bank of India: The Reserve Bank of India is not entitled to any remuneration for the conduct of ordinary banking business of the Government. There is, however, provision in the agreement with the Reserve Bank of India for the payment of commission to the Bank for the management of the public debt of the Government of India. The commission thus received by the Reserve Bank during the Bank's account year 1953-54 (July 1, 1953 to June 30, 1954) amounted to Rs. 22.12 lakhs.

*

American Aid for Indian Development Projects: The Government have worked out with the U.S. Embassy in India details of American aid for various projects from July, 1954 to June, 1955, and about $75 million have been allocated for development and technical assistance. A major portion of development assistance of $60.5 million was in the form of loan and approximately 50 per cent of the total development assistance would be in the shape of wheat and cotton.

*

Welding of Rail Joints on Indian Lines: It is proposed to improve the existing railway track by welding rail joints. Welding of rail joints has been done in a total length of 150 miles of track. The two advantages which have accrued from this improvement are smoother riding track and longer life of rails. The total cost of this improvement per 1,100 miles of track is estimated at between Rs. 60 lakhs and Rs. 90 lakhs, depending on the type of welding and whether the work is being done at site or in a central depot.

INDUSTRY

Crisis in Italian Jute Industry: The Italian jute industry is faced with immediate cutback of production in view of keen competition in both export and internal domestic markets. The fall in exports has been accompanied by declining consumption of gunnies due to reduced agricultural production. The industry has been completely modernised, which together with good profits made in the past years, has so far prevented a crisis. The number of mills has been reduced from 27 to 19, the loom and spindle strength at present being 3,841 and 62,600 respectively. The labour force employed numbers 10,000. Attempts at stabilizing the industry by the setting up of a collective selling organization have failed, the disunity within the industry springing from the fact that many of the Italian jute mills are owned by gunny consuming concerns.

MISCELLANEOUS

Twenty-second Annual Indian Sugar Mills Association: The 22nd Annual General Meeting of the Indian Sugar Mills Association, Calcutta, is scheduled to take place on Saturday, March 19, 1955, at New Delhi. Shri Gulabchand Hirachand, the President of the Association, will preside over the meeting. A review of the various important developments in the sugar industry during the outgoing year, and certain important resolutions having a vital bearing on the sugar industry—increasing the production of sugar, intensification of cane development work, etc.—will also be taken up for discussion.

*

Plan for Reconstruction of Indian Villages: The Government of India proposes to give villagers, through the Community Projects Administration, tech-

nical assistance for reconstructing a few complete villages in various parts of the country to serve as models in layout, etc. This work will be handled by the Rural Cell of the Ministry of Works, Housing and Supply. The Cell will tackle specific projects of rural housing and help in building sample prototypes for various regions and climatic zones. A draft manual on rural housing has been published by the Cell in collaboration with the CPA and will be made available throughout the country. Care has been taken to keep the building costs as low as possible and adopt simple construction techniques so as to enable the villager put up a house himself.

*

Radio-Teleprinters for Indian Airports: Radio-teleprinters are proposed to be installed at Bombay, Calcutta, Delhi and Madras airports. Two sets of equipment valued at Rs. 3.2 lakhs are being imported from the U.S.A. Ten other sets, valued at Rs. 22.5 lakhs are being procured under the Indo-U.S. Technical Co-operation scheme. Installation of the equipment is expected to cost Rs. 1.2 lakhs.

*

Indian Pharmacopoeia Committee to be Permanent Body: The Government of India have decided that the Pharmacopoeia Committee constituted in November 1946, should be a permanent body which will be mainly responsible for keeping the Indian Pharmacopoeia up-to-date. Many drugs are being used in India which, although not included in the British Pharmacopoeia, are of sufficient medicinal value to justify their inclusion in an official Pharmacopoeia. As very little reliable data exists on Indian vegetable drugs which might serve to give a clue to the identification of the genuine sample and its distinction from a spurious source, this work was initiated and in 1946 the Government of India sanctioned the establishment of a Pharmacognosy Laboratory in the premises of the Botanical Survey of India, Calcutta.

*

U.S. Population Increases: The United States recorded its largest annual population increase and largest number of births in history during 1954. Total U.S. population was 163,930,000 on January 1, 1955 as compared with 151,132,000 on April 1, 1950, date of the last census. Last year's population increase of 2,823,000, which exceeded the old mark of 2,718,000 set in 1951, is attributed to more than 4,000,000 births during the year, also a record, and the eighth successive year that births have exceeded 3,500,000.

*

Growth of Indian Community Development Programme: One-fifth of rural India had already been covered by the Community Development and the National Extension Service schemes. This means that about 65 million people were now receiving benefits under either of these schemes. It is disclosed that another 15 million villagers would be covered in the next financial year and the coverage already given constitutes a remarkable progress which is without parallel anywhere in the world. In India 65 million people were covered by the Community Development Programme in about 2½ years.

*

Indian Development Council for Pharmaceuticals and Drugs: Following on the recommendations of the Pharmaceutical Enquiry Committee, the Government of India have set up a Development Council for the scheduled industries engaged in the manufacture and production of pharmaceuticals and drugs. The Council which has been set up under the Industries (Development and Regulation) Act, 1951, will recommend targets for production, co-ordinate production programmes, review progress from time to time and suggest norms of efficiency with a view to eliminating waste, obtaining maximum production, improving quality and reducing costs. The Council will also recommend measures for securing fuller utilisation of the installed capacity and for improving the working of the industry. Promotion of arrangements for better marketing and for a satisfactory system of distribution and sale of the products of the scheduled industries will also be one of the functions of the Development Council. The Council will try to promote the adoption of measures for increasing the productivity of labour, including measures for securing safe and better working conditions and the provision and improvement of amenities and incentives for workers.

*

Development of Tourist Centres in India: It is revealed that the steps so far taken by the Government of India to develop tourist centres in the country include (i) bringing out of publicity literature relating to places of tourist importance; (ii) the grant of rail-cum-road and rail-cum-air concessions to hill stations, etc.; (iii) improvements to existing communications, including provision of adequate road transport; (iv) improvement in the standard of hotels and restaurants and (v) provision of additional accommodation in the shape of rest houses and dak bungalows and improvements to existing accommodation. Government of India Tourist Information Offices are functioning at 13 centres.

*

Co-ordination of Welfare Schemes in India: The Central Social Welfare Board at its recent meeting decided to provide Rs. 23.3 lakhs to nearly 700 voluntary institutions doing welfare work, thus bringing the total assistance rendered so far to over Rs. 54.7 lakhs and the number of institutions benefiting all over India to 1702. In view of the second Plan target to cover the entire rural population by the National Extension Service, the Board discussed the manner of co-ordination between the Welfare Extension Projects launched by the Board and those under the C.D.P. and N.E.S. Out of a total of 352 Welfare Extension Projects under the first Plan, 170 have so far been set up in as many districts comprising 3437 villages and covering a population of some 35 lakhs. While at the end of the first Plan there will be one W.E.P. in each district in India, this target is likely to be doubled during the second Plan.

*

New Aerodromes and Air Routes in India: Five new aerodromes at Mangalore, North Lakhimpur, Shella, Sadiya and Pasighat have been constructed during the first Five-Year Plan period, at a cost of Rs. 15.58 lakhs. In the same period, three new air routes were started. These were: Bombay-Calcutta-Bangkok; Bombay-Madras-Singapore (being operated by Air-India International in place of the Calcutta-Bangkok-Singapore route previously operated by the Indian Airlines Corporation), and Delhi-Amritsar-Kabul-Kandahar.

*

States Commission Visits 41 Stations: The States Reorganisation Commission had visited up to February 18, 1955, 41 different places in the States of Andhra, Bihar, Bombay, Madhya Bharat, Madras, Orissa and West Bengal. In Hyderabad, Madhya Bharat, Mysore, and Travancore-Cochin, the Commission had visited 19 places, and in Bhopal, Coorg, Himachal Pradesh and Vindhya Pradesh 12 places. The States of Assam, Punjab, Uttar Pradesh, PEPSU, Rajasthan, Saurashtra, Ajmer, Kutch, Manipur, Tripura and certain parts of West Bengal were still to be visited by the Commission.

NEWS IN BRIEF

INDIAN

The estimated per capita income of India for the years 1951-52, 1952-53 and 1953-54 at current prices was Rs. 274.5, Rs. 267.4 and Rs. 283.9 respectively while the per capita income for these years at 1948-49 prices was Rs. 251.7, Rs. 258.1 and Rs. 266.5 respectively.

*

It is officially reported that during the first nine months of 1954-55 the Central Government had given Rs. 19,06,300 as grants and Rs. 83,71,890 as loans for the development of small-scale industries.

*

Of the total cane production in India, about 25 per cent is used for manufacturing crystal sugar, 55 per cent for gur and 3 per cent for Khandsari. The total amount of crystal sugar produced in India during the current season up to January 31, 1955 was about 6.5 lakh tons.

*

The Press Information Bureau, Government of India, report that up to the end of January 1955, about 1,90,000 acres of agricultural land had been given as compensation to displaced persons, besides cash payment of Rs. 9 crores.

*

The total production of wood screws in India during 1954 amounted to 50,98,432 gross, the production being double that of 1953. During the same year production of bicycle parts and accessories increased by nearly 25 per cent.

*

During the first nine months of 1954-55 the Central Government gave Rs. 73,53,000 as grants and Rs. 2,31,00,000 as loans for the development of the handloom industry. During 1954, the handloom industry made an improvement in production over the 1953 figure by 150 million yards.

*

During 1954, the exports of tea from India were valued at Rs. 131.30 crores as against Rs. 103.10 crores in 1953. In terms of quantity, the exports in 1954 totalled 450.41 million lbs. as compared with 500.99 million lbs. in 1953.

*

Cottage industries are to be established on co-operative basis for relieving unemployment in refugee colonies around Calcutta, according to a new scheme initiated by the Union Rehabilitation Ministry. Preliminary details have been worked out and a number of organisers are being posted to undertake and supervise this work.

*

Central grants amounting to over Rs. 33 lakhs have been allotted to the Bihar State for the welfare of Scheduled Castes and Tribes and for the removal of untouchability in the State for the year 1954-55.

*

The Government of India have approved of a project for the manufacture of diesel trucks at Jamshedpur (annual capacity 3,000 trucks). About 75 per cent of the components, by value, would be manufactured in the factory over a period of four years and the remainder bought from indigenous or other sources.

*

The State-owned D.D.T. factory which is controlled and managed by the Hindustan Insecticides Limited, a private limited company, under the Union Ministry of Production, has an annual capacity of 700 tons (to be doubled shortly) and has commenced trials for production of D.D.T.

FOREIGN

Outstanding problems of Asian economic and financial development are being discussed at Tokyo from March 15, by the UN-ECAFE. The discussions will continue till April 7. The ECAFE Committee on Industry and Trade meets between March 15-25 and the Commission between March 28-April 7.

*

The Techni-show organised by the Utrecht International Trade Fair will be held between June 1 and 10, 1955, at the Croeselaan site. A large number of importers and manufacturers of wood and metal-working machinery and steel will be represented at the fair.

*

The U.S. State Department reports that the stability to foreign trade brought by the 33-nation General Agreement on Tariffs and Trade is illustrated by the fact that over 50,000 tariff rates have been reduced by GATT-sponsored negotiations.

*

A radio-telephone service between India and China was inaugurated recently. Among other countries that have radio-telephone lines with India are the U.K., Indonesia, Egypt, Iran, Japan, East Africa, Hongkong, Switzerland, Aden, Bahrein and Singapore.

*

It is estimated by FAO that more than one-fifth of the food crops planted by man every year is destroyed or seriously damaged by insect pests and diseases. The FAO through its Expanded Technical Assistance Programme and other projects is advising governments in every continent how to combat this destruction.

*

The U.S. Agriculture Department estimates world sugar production during 1954-55 at 39 million tons—about 3 per cent less than in 1953-54. World prices dropped by 4 per cent during 1954, after a drop of 26 per cent in 1952 and 18 per cent in 1953.

*

During 1954, Indonesia produced 100 million lb. of tea against 81 million lb. in 1953. During the period 1934 to 1938, Indonesia's annual tea production was approximately 165 million lb.

*

Total tax revenues in the Netherlands during 1954 stood at fls. 6,218 million against fls. 5,970 during 1953. The higher tax revenues are consequent to favourable economic development and the rise in the wage and price level in the Netherlands during the year.

*

The Burma Ministry of Trade Development announces a 50 per cent cut in all import licences except for goods for industrial or personal use. Imports for which irrevocable letters of credit have been opened until March 7, will be treated as commitment cases.

*

Canada's proven recoverable petroleum reserves increased to a record 2,416 million barrels last year, recording an increase of over 372 million barrels over record.

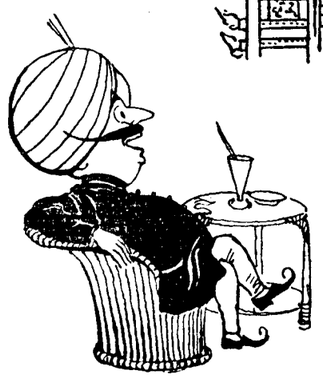
*

Foreign orders for Swedish timber for delivery during 1955 totalled about 570,000 standards by the 1953. Production at 97 million barrels was also a end of February. The orders account for two-thir of this year's estimated export production.

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A Window on the World

WHAT IS A "FOREIGN POLICY"?

BY

ODYSSEUS

MOST PEOPLE IN INDIA react strongly against any suggestion that India should "align" herself with one "power bloc" or another and they repudiate the proposition advanced here last week that India's national interests have in fact aligned her with the free countries grouped around the Commonwealth and the U.S.A., and that India's counsels are listened to with some respect in the conduct of international relations precisely because she has the support of her powerful friends in the Commonwealth. This proposition is not only usually repudiated but repudiated with passionate indignation. It may clarify our thoughts about India's position in the conduct of world affairs if we try to ascertain the reasons for this indignation.

I think that it will be found to arise because too many people do not really understand what a "foreign policy" is. They confuse (a) the preaching of sound moral doctrines to other less enlightened nations with (b) the management, protection, and advancement of national interests. I do not suggest that one should never try to preach virtue to international dacoits and try to reclaim them for what the Greeks called "the good life", but I do suggest that if one refuses to pay taxes for the maintenance of an adequate national army one stands little chance of being listened to by dacoits.

The confusion between the inculcation of international morality and the practical management of a country's relations with other countries is not peculiar to us in India. Americans also suffer from it. This is not a chance coincidence but arises from one important similarity in their otherwise different national experiences. If you will reflect for a moment, you will appreciate that India never had any foreign policy to conduct prior to August 15, 1947. Before the British conquered India, the sub-continent contained a varying number of independent states which, owing to the protection of the Himalayas on the one side and of the ocean, on the other, were for centuries cut off from intercourse on any scale with the rest of the world save on the rarest occasions. Even during those fleeting decades when more or less the whole sub-continent came under one rule, as in the time of Asoka, such problems as troubled it were internal rather than international. India began (a) to emerge as one political unit, and (b) to become a factor in international relations only after the establishment of British power with its world-wide remifications. But, of course, as Bengalis, Marathas, Punjabis, Tamils, and the rest of us, began to develop an Indian political consciousness, we were more and more concerned with throwing off British rule, and we regarded such aspects of foreign policy as impinged upon us—involving the use perhaps of the Indian army in China, Africa, or France—as something from which we strongly dissociated ourselves—something to be repudiated as belonging to an entirely foreign, un-Indian conception of government and of society.

CONSCIENCE, POWER, AND CONFUSION

In our struggle for independence we were uniquely fortunate that Mahatma Gandhi emerged to secure the triumph of the national cause by peaceful means. We can never be sufficiently grateful that our country was spared the horrors and bitterness of a prolonged war of independence. At the same time, this experience has helped to confuse our thinking about foreign relations, for it is one thing to struggle by peaceful agitation against a foreign ruling minority which also fortunately belongs to the race which invented democracy, the system of government by consent, and therefore had a liberal conscience to which appeal could be made, and it is quite another to endeavour to defend one's frontiers, one's overseas trade, to deter one's enemies, and to help one's friends solely by appeals to conscience. (Nor, in fact, is Pandit Nehru's government trying to conduct our foreign relations on that basis although it sometimes sounds as though he were).

I think that the more you reflect over it, the more you will agree that the combination of circumstances by which (1) we have never until 1947 had to think in terms of power relationships with overseas countries in all our history, (2) we perforce devoted so much time and energy to appeals to the conscience of a foreign power and to world public opinion, and (3) we saw the Indian army being used overseas for purposes which we did not always understand but of which we always disapproved—this combination has led us to believe that foreign relations are (a) essentially matters for moral approval or disapproval and (b) have no apparent connexion with hard facts like foreign invasion (of which we have had no experience for generations), or the standard of living (which we have primarily associated with the presence of foreign rulers rather than with matters that have to do with foreign policy and international relations—like the promotion of our export trade and the encouragement of the import of foreign capital).

Now, it is a piquant fact that the foreign policy of the U.S.A. which we are so fond of criticising is only just about emerging from a long period of confusion between the preaching of international morality and the protection of national interests which still characterises too much of our own thinking—and for much the same reasons.

In his admirable booklet "U.S. Foreign Policy", which I commend to your attention, that wise and liberal American commentator, Walter Lippmann, points out that for about seventy-five years from the promulgation of the Monroe doctrine in 1823 to the end of the war between Spain and the U.S.A. in 1898, the U.S.A. had no need of a foreign policy. "In that long period," says Lippmann, "the very nature of foreign policy, of what it consists, and how it is formed, was forgotten. Thus, when events compelled us once again to attend to foreign relations, we had lost the art of shaping a policy, and could not find a policy because we no longer knew what we needed."

As I have remarked before, the Monroe doctrine was promulgated because the British Foreign Secretary, George Canning, and the U.S. President Monroe, feared the possible consequences on their separate national safeties of (1) Russia's claim to Alaska and (2) the threat of certain continental European powers to restore to imperial control the Spanish colonies in South America which had asserted their independence. Canning was alarmed by the Russian threat to the

freedom and growth of Canada, the accretion of strength to the European powers that would follow the regain of their colonies, and by the loss of the flourishing British trade which had been established with the new free countries of South America. He suggested a joint declaration with Monroe warning off the European powers from intervention in North and South America. Monroe preferred to make the declaration alone and the "doctrine" was originally promulgated in his annual presidential message to Congress.

A DOCTRINE IS NOT A POLICY

Now, it is vitally important to grasp that, contrary to the well-nigh universally held view, Monroe's warning to the European powers was not an act of foreign policy. It was the expression of a doctrine, of something that ought to be, of a hope, of a pious aspiration, for the U.S.A. in 1823 had neither a navy nor an army which could have withstood any serious attempt by a first-class European power to intervene in the Americas. It was not, I repeat, an act of foreign policy, because a policy has been formed only when a nation undertakes a commitment which it has the power to carry out. To illustrate this proposition in another way, India's Five-Year Plan can be properly described as part of India's financial policy because the Finance Minister has the power (i.e. he has taken steps to raise the funds) to carry it out. Without the necessary loans or taxation, the Five-Year Plan would not be a policy but a doctrine.

The American people were prevented from grasping this elementary truth because, on the one hand, George Canning, and succeeding British Foreign Secretaries, made it clear to Europe that the British navy, which had no rival in the seaways of the nineteenth century world, was ready to defend both the Americas and, on the other, being diplomatists of the classical school, Canning and his successors intimated their policy confidentially through diplomatic channels. They carefully avoided the practice eventually initiated by President Wilson after World War I of lowering the "face" of other nations, of offending their self-respect and national prides by public warnings and weighty moral sermons.

It seems probable that the reason why both Indians and Americans tend to stress moral warnings and ethical ideals in their attitudes towards foreign countries, and to confuse such admirable assertions of doctrine with a foreign policy, originated, in the American case, from the existence of the British navy, and in the Indian case, of British rule. Neither country until recently has had much occasion to grasp what Lippmann calls "the compelling and, once seen, self-evident common principle of genuine foreign policy—the principle that alone can force decisions, can settle controversy, and can induce agreement". Thir is the principle that in foreign relations, as indeed in all other relations, a policy has only been found when commitments, or obligations, and power, or the ability to carry them out, have been equalised, as in a business man's balance sheet, which sets forth his liabilities and the assets that he has with which to meet them.

Lippmann sums up our argument with the following penetrating observation:

"Without the controlling principle that the nation must maintain its objectives and its power in equilibrium, its purposes within its means, and its means equal to its purposes, its commitments related to its resources, and its resources adequate to its commitments, it is impossible to think at all about foreign affairs."

This is the second in a series on The Principles of Foreign Policy. Last week's article was "What Is Neutralism?" Next week's will be "Power and Foreign Policy".

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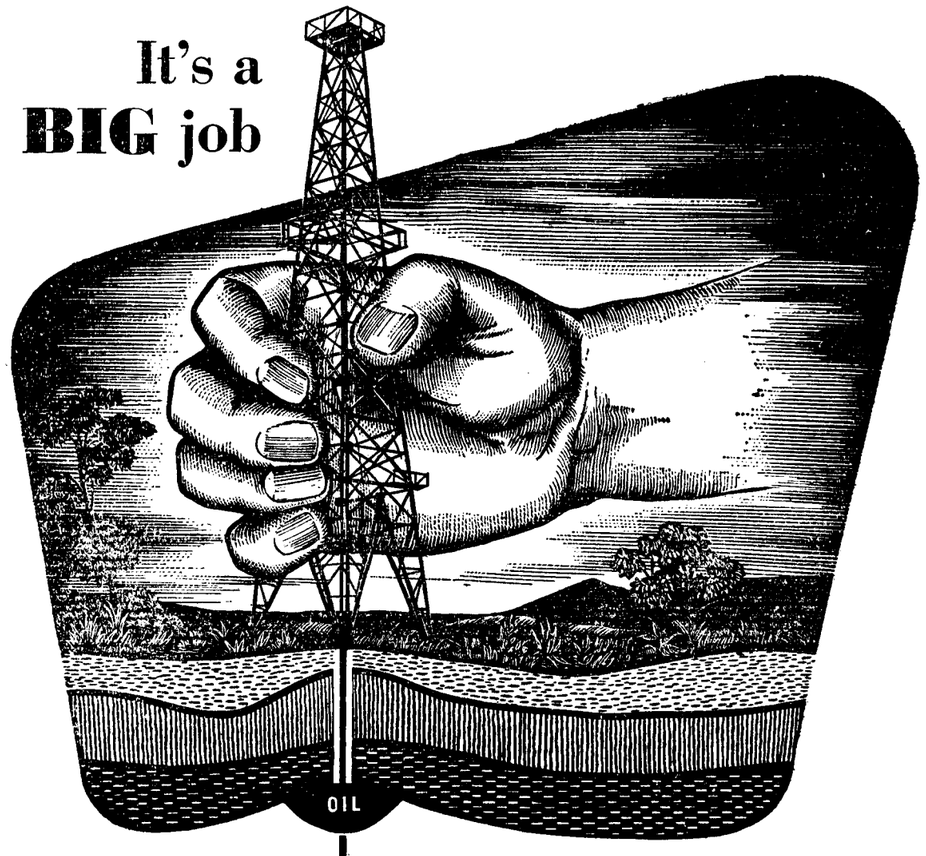
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B.I.C.

It's a
BIG job



looking
for oil

Have you ever considered what a long, elaborate and costly business it is looking for oil ? Although oil lies thousands of feet underground, the oil prospector may have to take to the air—to photograph the lie of the land and make aeromagnetic surveys. Or he may create artificial earthquakes, in what is called a seismic survey. Then the findings have to be interpreted, in geophysical laboratories, before a test well is bored perhaps to a depth of as much as three miles.

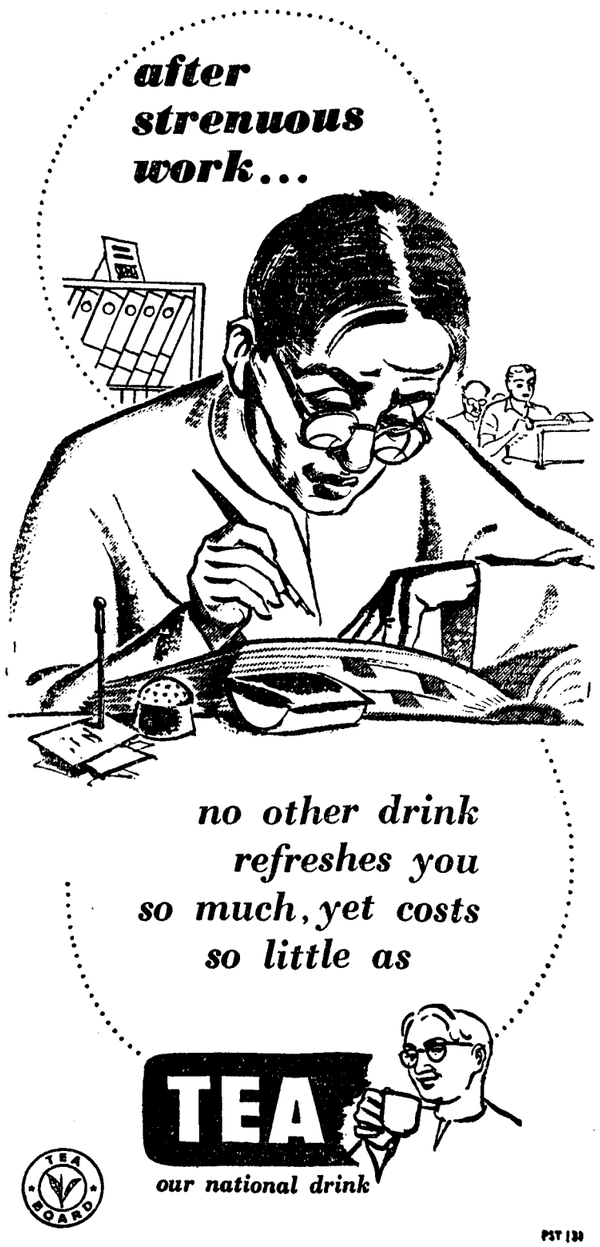
The Assam Oil Company, for many years the pioneer of oil search in India, discovered a fresh source of oil recently at Nahorkatiya in Upper Assam. Crores of rupees have been spent in the search and many more will have to be spent on the development of this discovery.

And all the time, remember, the search for more oil is going on—for further sources of this most elusive mineral are vital for India's industrial development. All the very latest scientific methods and technical equipment, including aeromagnetometers and even helicopters, are being employed. No effort in fact is being spared to reduce India's dependence on oil purchases from abroad.

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A DELHI DIARY

TROMBAY CALLING DELHI

I MAKE no excuse for talking all about Trombay while still calling this a Delhi Diary; for there was, indeed, much of Delhi at Trombay yesterday. There was the Vice-President of India who opened the great Burmah-Shell Refinery. There were Mr. K. C. Reddy, Minister of Production, and Mr. K. D. Malaviya, Minister of Natural Resources and Scientific Research. There were Secretaries to Government and there were Joint Secretaries to Government. And thus many components of the highest pyramid of Delhi were at Trombay; with duty, and no little pleasure, I followed them there. Almost better than this was a delightful reference made by Mr. J. F. Sinclair, Chairman of the Board of Directors of Burmah-Shell Refineries, to life in this capital city. Mr. Sinclair spoke "of the splendour which inhabits the dwellers in this exciting and glamorous city." "It is good", he said, "for provincials to rub shoulders for an evening with those who grace the larger world of Delhi." I caught some strange amusement at these words; could it be that Mr. Sinclair was, after his fashion, pulling New Delhi's leg from afar? I do not think so. I obtained the comfortable feeling that (strange as it might seem!) New Delhi is really appreciated in Trombay. Do not ask me why. An ounce of fact is worth a ton of theory. The fact is that Trombay likes Delhi and even beckons it from afar!

Everyone, as fits a festive occasion, was in the best of all possible moods. Mr. Sinclair had good things to say on everything; Delhi first; the Refinery and Jim Trow, its General Manager; and then (by easy stages) capital formation, new skills, technical and administrative, ancillary industries, Bombay, a great world petroleum port, and then many words in personal appreciation of Dr. Radhakrishnan. I thought his appreciation of the Vice-President was extremely happy and make no apologies for quoting him at length.

He said: "You, Sir, are no ordinary Vice-President, but one who has come to this exalted office from the highest peaks of the academic world, and of the different world of diplomacy.

"All Souls College at Oxford and the Indian Embassy in Moscow; these might seem not quite to harmonize. But just as you have integrated in your writings the best of the philosophical schools of all time and of the whole world, so it appears to me, you have blended in your life the highest forms of thought with the highest forms of action.

"Your humanity is shown by the entry against your name in 'Who's Who', where, after a list of your writings enshrining some of the most profound thoughts of this century, you describe your recreation as 'Light Reading'."

There was a gentle chuckle when he came to the words "Light Reading"; it rippled through the distinguished attendance at the Trombay site. It was an appropriate tribute carefully timed to place the Vice-President in a new and interesting light when he arrived some seconds later at the microphone and the battery of lights.

OUR INDIA IS A PARK

The Vice-President was in excellent form. His splendid voice rolled over the controversy of the public versus the private sector; it seemed to me it had the effect of converting (like the Refinery!) cruder thing into their purer elements. He spoke of forests and gardens and parks; about the intermediate view (which tells us that we can have free enterprise and public enterprise), a little natural growth and a little plant growth, that is, a park. It was a happy metaphor though it looked to me a little like Rudyard Kipling's "Our England is a Garden". Perhaps a new poet of India will arise, and, following the Vice-President, talk about our mixed economy in the form "Our India is a Park".

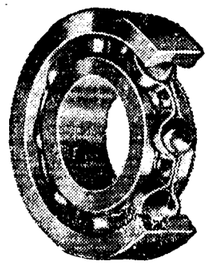
In his emphasis on social obligations I thought, perhaps, the Vice-President saw some conflict between private enterprise in our age and the social conscience. Was he not carrying over some nineteenth century economics into his philosophical parable? There is no forest in the private sector today. I should have thought that the great lesson which has been learnt in the last fifty years is not that we need a State to restore social good but that we need a market for private enterprise to develop. Keynesian economics was essentially the building up of a market without State enterprise; that lesson does not need to be taught to private enterprise today. Who is there in private business today who really wishes the lower income brackets to stay where they are? Surely, everyone recognises that it is detrimental to the interests of private enterprise to keep the poor in their present station. That poverty destroys is a private enterprise axiom.

TWO BEACONS

I hope 'The Eastern Economist' will enlighten us as to how far "the social approach" of which Dr. Radhakrishnan spoke differs from "the prosperity approach" in the lower brackets that private enterprise needs. In the meanwhile, let me talk about—beacons! There are, indeed, two beacons on the Trombay site. Flares are kept going day and night by reason of the fact that unwanted gases have to be burnt in both the Stanvac and Burmah-Shell Refineries. I like to think, however, that these beacons are symbols not of unwanted things but of one thing—speed—which is sorely required.

Both the refineries have gone into operation a year ahead of schedule. Practically everyone on the job seems to have worked against time. But there surely was an impersonal factor which was more important. This is the fact that the know-how was not merely there in theory; it was actually on blueprints and almost as quickly translated from blueprints into deeds because these very deeds had been done before by men who knew what to do as soon as the need for decision arose. The Stanvac Refinery, for example, was an exact replica of an Amsterdam plant and Lumus built both plants. The Burmah-Shell Refinery was not identical with any plant but had many features in common. Imitation, it seems, is not merely the sincerest form of flattery but the greatest shortener of time. And thus I pay tribute not only to the men who have done the job here but also to the men who did the blueprints for whatever country they were first done. This is fortunately not an endless regress because I believe even oil technology had a beginning. It is a vast but still limited universe. Let us pay tribute to its great men. This is the more required because on this very Thursday (by one of those unfortunate accidents of history!) the Economic Commission for Europe complained bitterly about oil monopolies!

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Special Articles

FOREIGN EXCHANGE AND THE REFINERIES

THE opening of the two million ton Burmah-Shell Refinery at Trombay by the Vice-President yesterday provides a fitting opportunity for the review of the effect of the new Refineries on India's foreign exchange position. At first sight the situation looks more promising than in fact it is. It is quite often supposed that "the value added" in the refining process is large enough greatly to reduce landed cost. In point of fact, however, both in the case of the Standard Vacuum Oil Refinery and the Burmah-Shell Refinery the percentage of foreign exchange saved in relation to the total volume of imports is a small fraction of landed cost. In the case of the Standard Vacuum Oil Company the savings were estimated last November at Rs. 1.2 crores and it is probable that this figure will continue to hold for some time. If one considers that the output of this factory is reckoned at 90 million imperial gallons of Gasoline, 40 million gallons of Kerosine, 18 million of Automotive Diesel Oils, 40 million of Industrial Diesel Oils, 55 million Industrial Fuel Oils and 45 million gallons of Bunker Fuel Oils, one might wonder why the total saving is as little in this case as Rs. 1.2 crores. Two reasons can be given. The first of these is that crude oil imported is naturally somewhat larger in content than refined oil. This is so not only because it contains all the products together (including some not used) but because the total volume is increased by reason of the fact that, for every ten barrels of crude oil, only nine barrels are recovered as product, the rest being used in the Refinery itself. In other words, imports tend to be raised by 10 per cent in volume. Again, bringing this extra one barrel in ten increases transportation costs, in this case, from the Persian Gulf area. There are also additional costs of handling from Butcher Island opposite the Trombay site.

As a consequence of all these factors, it would probably be optimistic to suggest that the saving of foreign exchange in all the three Refineries would be of the order of Rs. 10 crores, a figure which is currently being mentioned. It is likely that the Burmah-Shell Refinery will be a greater saver of foreign exchange by reason of the fact that it is making a wider range of products, such as Bitumen which will also save foreign exchange. In effect, it may well be that the saving on the Burmah-Shell Refinery will be three times that of the Stanvac Refinery although it is only twice as large. With these two Refineries and the Caltex Refinery included, it is not likely that the current foreign exchange saving will be more than Rs. 6 crores out of a total of about Rs. 88 crores now paid out per year. But, if as is certain, consumption of these products increases steeply by 1961 one might anticipate that by that date the saving will be about Rs. 10 crores per year in foreign exchange.

It is interesting to set out the effect of this saving in foreign exchange on the pattern of trade with various countries from which imports are now effected. The table below shows the quantity and value in pounds sterling of the oils imported into India with indications of the areas from which they come for purposes of foreign exchange payments. The effect of the Refineries is likely to eliminate the United Kingdom and Malaya, the United States, Italy, France and the Netherlands West Indies as suppliers of oils. In effect, this implies that India's balance of payments with all these countries will be improved. Since our imports will now be of crude oil and will not necessarily, therefore, be from areas with refineries, the effect will be to eliminate oil imports from the United States and practically every country from which imports are currently taking place, except Bahrein and Saudi Arabia. Iran which has been out for the last three years is now likely to return.

There is another factor which enters into the foreign exchange account. This is the export of Furnace Oil. Furnace Oil is expected to be produced at the rate of 667,000 tons per year from the Burmah-Shell Refinery alone, and the greater portion of this will be for export. This, however, is price-wise the lowest ranking kind of oil; at Bombay the price is only Rs. 135 per ton and it is not likely that earnings will be large enough to change the foreign exchange postion significantly. It would be interesting to determine, however, to which countries this surplus can immediately be sent.

India's Imports of Oils, 1951-1954

	Unit	1951-52	1952-53	1953-54	1951-52	1952-53	1953-54
		Quantity			Value (£ thousand)		
Oils, Petroleum:							
Fuel	Millions gallons	369	318	362	11,124	11,185	14,144
Kerosene	„	255	268	299	14,406	16,390	20,612
Lubricating	„	49	61	37	8,219	9,831	4,493
Motor Spirit	„	251	243	270	18,276	18,887	23,172
Total oils, petroleum	„	923	890	968	52,025	56,294	62,421
From United Kingdom	„	10	45	62	925	1,899	2,288
Bahrein	„	136	231	214	7,454	13,049	12,808
Malaya	„	71	68	95	2,990	3,284	5,791
United States	„	66	145	157	7,799	13,977	13,327
Saudi Arabia	„	164	200	191	7,448	11,025	11,080
Italy	„	8	33	69	476	2,795	5,622
France	„	3	55	22	180	4,160	1,772
Netherlands West Indies	„	3	21	21	156	1,343	1,495

THE VOLUME OF DEFICIT FINANCING IN INDIA

INCREASING interest is being raised by the actual volume of deficit financing which the Government of India has practised in the years 1950-55. Unhappily, it is not possible at the present time to give any indication of the order of magnitude of that portion of deficit financing which has had a true inflationary bearing. Much the so-called deficit financing has not this character. For example, writing down of the price of food grains by Rs. 45 crores in the Budget for 1955-56 is not deficit financing in an inflationary sense. It has been accompanied by no new money and, indeed, in so far as it leads to a reduction in the price level by the selling of Government stocks at a lower level, its effect must be reckoned as deflationary and not the other way round. The Budget figures, for reasons such as these, are wholly unacceptable as a measure of the volume of deficit financing that has hitherto been done.

The table alongside gives indicators of deficit financing seen in terms of money supply, Central Government deposits with the Reserve Bank of India, Treasury Bills outstanding and Sterling Balances. The way these are measured in relation to deficit financing are not all uniform. An increase in money supply is prima facie a factor which may be attributable to increased deficit financing. Similarly, a fall in Central Government deposits may be so interpreted. On the other hand, a rise in Treasury Bills does not necessarily indicate deficit financing, and, indeed, it would appear if these figures were really associated with deficit financing that the figure for deficit financing has been small as Treasury Bills have tended to stay round about Rs. 350 crores where they stood in January 1950. The Sterling Balances have indeed been run down but the entire fall in the Sterling Balances is not associated with Government imports. On the rough assumption that Government imports are about a third of total imports it is possible that of the drop of Rs. 92 crores in the Sterling Balances from January 1950 to December 1954 only about Rs. 25 crores is to be attributable to Government deficit spending.

The exact volume of deficit financing which has been undertaken in the last few years and in particular in the year 1953-54 cannot, it seems, be precisely estimated. There is probably as much good estimation to be obtained by comparing closely balances of the Central Government between January 1950 and December 1954 as by any other method. If one assumes that the difference between the figures in January 1950 and December 1954 measures roughly the volume of deficit financing in the last four calendar years, one would arrive at a figure of about Rs. 90 crores. It is interesting to observe that the treasury bill figure in January 1950 at Rs. 351 crores corresponds almost exactly with that of Rs. 350 crores in December 1954, and also that money supply at Rs. 1,890 crores in January 1950 is very close to the money supply figure of Rs. 1,842 crores in December 1954. It is only the sterling balances figure which shows a marked difference. The fact that over the period as a whole there is no inflationary factor of any kind and that the price level at the end was nearly 20 points below that of the beginning seems to suggest that deficit financing of the order of Rs. 100 crores leaves no visible impression on the Indian economy.

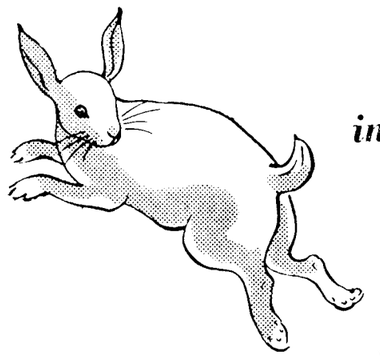
(In crores of rupees)

Indicators of Deficit Financing

	Money Supply	Central Government Deposits with RBI *	Treasury Bills Outstanding **	Sterling Balances *	Wholesale Prices General Index — August 1939 = 100
1950					
January	1890	151	351	821	384.7
February	1870	151	349	842	392.3
March	1908	140	342	854	392.4
April	1915	132	340	851	391.3
May	1904	129	344	844	393.3
June	1879	133	338	829	395.6
July	1863	139	343	820	405.2
August	1836	142	347	812	409.2
September	1890	156	343	806	412.5
October	1840	157	345	814	411.2
November	1846	150	351	819	410.9
December	1833	156	348	826	412.6
1951					
January	1919	163	352	841	414.3
February	1954	165	347	853	423.4
March	2011	168	358	870	438.6
April	2038	139	352	877	457.5
May	2034	137	346	879	456.8
June	1982	148	349	861	456.5
July	1952	163	345	849	447.0
August	1889	196	350	834	437.6
September	1848	205	332	821	435.1
October	1845	196	334	807	438.0
November	1850	203	335	787	435.6
December	1821	205	334	779	433.1
1952					
January	1833	206	331	773	430.3
February	1844	193	324	755	415.8
March	1833	176	314	726	377.5
April	1834	146	318	711	377.8
May	1820	121	309	693	367.1
June	1796	107	305	684	374.8
July	1778	100	301	676	383.8
August	1755	111	310	677	387.4
September	1736	132	313	686	389.0
October	1730	143	331	693	387.5
November	1730	150	336	695	383.4
December	1722	166	335	701	372.7
1953					
January	1752	169	320	715	377.5
February	1764	154	314	720	381.5
March	1794	136	315	724	385.2
April	1781	97	328	722	384.9
May	1770	101	332	717	397.4
June	1744	119	331	714	405.4
July	1726	105	337	707	407.7
August	1693	121	346	700	410.4
September	1673	132	341	701	403.8
October	1692	117	348	701	393.6
November	1711	99	349	709	390.6
December	1715	100	346	718	389.4
1954					
January	1765	104	340	731	398.5
February	1793	90	330	740	395.0
March	1845	81	335	748	394.0
April	1851	65	361	753	402.6
May	1846	93	363	753	396.1
June	1805	111	361	747	381.6
July	1770	121	356	741	381.3
August	1765	126	355	731	382.3
September	1767	138	347	731	384.4
October	1791	102	354	728	381.6
November	1799	87	359	725	376.1
December	1842	64	350	729	367.8

* Average of Fridays. ** Last Friday figures.



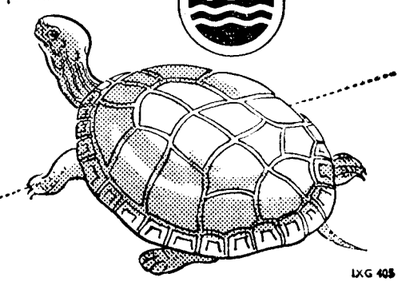


in the long run...

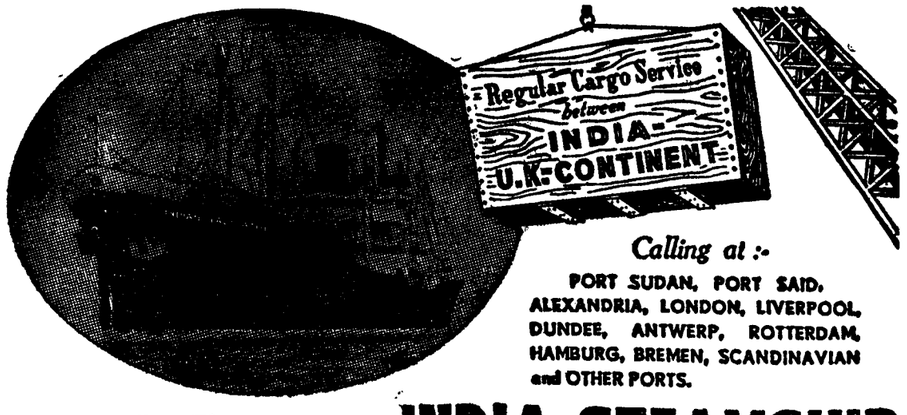
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POLICY FOR COAL

THE coal industry has taken the initiative in mobilising opinion for formulating appropriate policies for its expansion in the immediate future. Since coal still continues to command a key position as the main source of power for industry, it is evident that a correct policy for its future direction must aim at ensuring adequacy of supplies for the needs of industry in general. Mr. J. W. N. Baldock, presiding over the annual general meeting of the Indian Mining Association on March 4 last, purposely chose to concentrate attention on the broad issues of policy. While individual programmes of development are being drawn up at present for the second Five-Year Plan, it would appear that the necessary degree of thought has not been devoted to the expansion of the coal industry. This omission is very likely to prove a real hindrance to several industrial projects. There is certainly considerable force in Mr. Baldock's plea for setting up a fully representative and compact expert committee to assess the requirements of industry for coal in the coming two five-year periods. Neither power nor transport must be allowed to retard the progress of industry for lack of planning ahead.

The excess of coal production in 1954 over 1953 was marginal and in any event it cannot minimise the necessity of pushing up the level of growth at a rapid rate. The price policy, in the opinion of the industry, represents maladjustment and failure to take note of the impact of the changes in the economics of the industry. Prices which were fixed on the basis of the production costs obtaining in 1947 have been progressively reduced by law, while a reverse trend is in operation in regard to costs. Production costs are continuously on the upgrade due to the addition of new elements and the stage has been reached long since when fresh levies directly go to cause serious reduction in the margin between selling prices and production costs. This paradox calls for immediate rectification and at any rate the policy of imposing any more levies on the industry must be halted.

The machinery of controls over the coal industry has been devised in an unscientific manner with the result that since the return to stable conditions in the economy they are operating to interfere with the smooth working of this industry. Probably there need not be any serious quarrel with the control on prices in the interest of maintaining the wage-price structure. But there is now no warrant whatever for the continuance of control over distribution, and it deserves to be lifted. Alternatively, it is the pressing plea of the industry that if controls must be retained, the industry must be consulted in deciding their form and character. Such a course will at least give a realistic bias to controls and facilitate their administration with the least interference with the normal working of the industry.

The regulation of the industry under the authority of the Coal Board does not reflect the pattern of the National Coal Commission on which the Indian Coalfields Committee of 1946 set so much store. The close association of the Coal Board with the office of the Coal Commissioner and the State collieries must be severed and an adequate element of representation must be given to the private sector of the industry on the Board. Nothing will be calculated to inspire confidence in the independence and impartiality of the Board as appointment of a person of the status of a High Court Judge to the Board's Chairmanship. The Board must cease to be the monopoly of inadequately informed, even if well intentioned, group of officials without which business methods and policies will be difficult to be incorporated in its administration.

The basic importance of stowing in the interest of promotion of safety in operation and conservation of coal resources has been recognised on all hands. Nevertheless, the cost of stowing continues to be onerous in spite of financial assistance offered by the Government. The officially accepted rate of assistance to the extent of 75 per cent of actual costs has hardly been awarded in practice and mines which have invested in mechanised arrangements are probably the worst sufferers. The Coal Board's policy announcement about raising the ratio of financial assistance for stowing for conservation to 85 per cent of costs has remained unimplemented. The demarcation between stowing for safety and stowing for conservation is far from clear. Usually both the objects are combined in the process of stowing. Apart from these complicating factors, the Coal Board owes it to the industry to raise the effective quantum of assistance and bring to an end the premium which is indirectly put on avoidance of stowing.

Still another step in the direction of rationalisation is being delayed due to the reluctance of the Government to come to a firm and early decision on the recommendations of the Coal Washeries Committee. Establishment of Central Washeries on a large-scale is the real way of economic operation, but they involve far-reaching issues of integration of marginal and medium collieries and a central marketing agency. The scheme of this agency is in turn fraught with issues of some measure of nationalisation. The proposal about the central marketing agency has not found favour with the Coal Commissioner, but the Government's positive directive on this policy issue is badly required without needless loss of time. The way must be cleared for setting up the washeries either under State or private dispensation.

BURMAH-SHELL'S REFINERY

By

CROESUS

EVEN as I write these lines, brisk preparations are afoot for the formal opening ceremony of the Burmah-Shell Refinery by Bharata Ratna, Dr. S. Radhakrishnan, the distinguished Vice-President of India, on Thursday, March 17, 1955. When I went to the Refineries with a Press party last week, Mr. H. J. Trow, the General Manager, gave us a brief introductory talk, after which we were shown round the works. Later on, we were entertained to a preview of "Trombay", which is a documentary film showing the construction of India's largest oil refinery. To many who may not have had an opportunity of seeing the work of the Refinery in its initial stages of construction, this documentary provides a picturesque record of the enormous work involved, such as the preparation of the site, bringing in of materials, and erection

of the complex refinery units, storage tanks, pipelines and buildings. Appropriately enough, the signing of the Oil Agreement between Burmah-Shell and the Government of India forms an important sequence of the film. Equally significant is another sequence on the production of oil in Assam, inasmuch as the Burmah-Shell group of companies rightly claims credit for having been the first to take to the work of oil refining in India. That takes us back 35 years, to be precise, to 1920, when the Assam Oil Company, which is a subsidiary of the Burmah Oil Company, started operations in Digboi.

There is no gainsaying the fact that the Burmah-Shell Refinery work has been completed with remarkable rapidity. It is, to some extent, a tribute to Indian workers, many of whom were entirely new to the specialised operations connected with the building of a refinery, that they were able to finish this tremendous job almost a full year ahead of schedule, notwithstanding the additional handicap of two severe monsoons. As Mr. Trow observed, these two monsoons accounted for the normal rainfall of as many as four years.

According to information given by Burmah-Shell spokesmen, all parts of the Refinery are expected to be ready by mid-year, the first part having started only last month. With a total refining capacity of 2 million tons of crude oil per annum when in full production, the Refinery will supply all the major products, such as 5 lakh tons of motor spirit, 2.55 lakh tons of Kerosene, 1.38 lakh tons of High Speed Diesel Oil, 1.27 lakh tons of Light Diesel, 6.67 lakh tons of Furnace Oil and 1.5 lakh tons of Bitumen.

The Refinery, however, has no plans for producing solvent oil, lubrication oil and aviation oil. The reason why it is not proposed to manufacture aviation spirit is that aviation spirit is a special product which can be made from crude oil only after special processing. This, it is believed, would be worth while only if the Refinery has a capacity of more than a minimum given quantity. Further, it has become almost a whole new industry and, to be economical, a plant which produces aviation spirit, it is said, must be at least of 12,000 tons daily capacity. Moreover, besides entailing a reproduction of the existing units all over again, production of aviation spirit involves three to four additional complicated processes.

The main refining operations consist of crude oil distillation, vacuum distillation, catalytic cracking, gas separation, product treating, bitumen manufacture and packing. Incidentally, the Refinery Company itself will be manufacturing about a million drums per year (6,000 drums per day) for filling the bitumen. The installation of this plant is estimated to cost about £350,000. Even the steel plate that is used for the manufacture of these drums is to be imported from abroad, inasmuch as plates of the fineness required for the purpose are not manufactured in this country, it is stated. It is significant—although many may not be aware of it—that the manufacture of drums also forms an integral part of the Refinery Agreement.

If I may digress a little, I would like to mention at this point that the Chairman of the All-India Manufacturers' Organisation asked Mr. K. C. Reddy, the Union Minister for Production, when he was in Bombay last month, why a licence was given to one of the oil refineries to manufacture drums for filling bitumen. He also wondered why, if the Anglo-Iranian Oil Company was willing to import drums from India for the purpose, as alleged by some, the Burmah-Shell Refinery could not use Indian-made drums.

The most interesting part of the Refinery, which is yet to be completed—to resume my narrative—is the catalytic cracking unit. This unit is said to incorporate the most modern design yet known to the refining industry. Without furnace and boiler, it makes its own heat and is said both to increase the yield and improve the quality of gasoline. The cat.-cracker cuts crude oil, which is a mixture of all kinds of molecules, into finer molecules and converts them into gasoline.

The refining process at the Trombay plant starts from pumping the crude oil from the marine terminal on the Butcher Island, which the Bombay Port Trust have constructed (there are very few countries which could pride themselves on having a marine terminal, and this is the first of its kind in India. It has also been built in good time). From the point of unloading to the site of refining run about four miles of pipeline. After the crude oil is received at the refinery site, it is stored in about eight crude oil tanks, each with a capacity of 14,000 tons. From the crude oil tanks, the liquid passes on to the distillation unit where the crude oil is split into gasoline, two types of gas oil, and kerosene. The residue, which is fuel oil, is made to pass through another unit, which is known as the vacuum distillation unit, which produces bitumen.

To give some idea of the impressiveness of the Burmah-Shell Refinery works, one has only to state that by the time the Refinery goes on stream next week, about 60,000 tons of steel will have been used, 30,000 cubic yards of concrete poured, 12 miles of road constructed, 200 miles of electric cable and wiring laid, 8,000 cubic yards of earth moved and about 2 lakh tons of cooling water pumped per day from Bombay harbour for plant requirements.

The plant and machinery for the Refinery has come mainly from England and Holland. Only those parts which are not made anywhere else except in America (which, by the way, has the longest experience in this field) were imported from America. Dollar shortage doubtless was the main consideration that prompted imports of as few parts as possible from America. Wherever possible, local supplies have also supplemented imports from abroad. But the main Indian contribution was to the building of roads, storage and workshops. The building of the housing colony for Refinery workers at Nehrunagar, Ghatkopar, was entrusted to the Bombay Housing Board which undertook and has built very decent houses for housing the Refinery employees. A lump sum payment of Rs. 40 lakhs on this account was made by the Company to the Housing Board. The foundation stone of this colony was laid by the Prime Minister on January 1, 1954. Although the rent charged is slightly higher than that charged for tenements built by the Housing Board itself, considering the additional accommodation and amenities, it seems to me to be quite reasonable. There is also provision for a ten-acre recreation ground for the staff and labour.

Although involving an outlay of as much as Rs. 35 crores in all, the Burmah-Shell Refinery is not expected to employ more than a maximum of 1,500 hands most of them being technicians. In other words, Mr. Gulzarilal Nanda would describe it as "capital-intensive". But a specialised industry like the oil refining industry needs only few specialised personnel even though there are many complicated plants that go to make up a modern refinery. In view of this, it is gratifying to note that there is an extensive training programme for Indians in all phases of refining. This is one of the main advantages accruing to India from the location of these refineries in this country. Nearly 50 Indian trainees, I am told, have been deputed for training in refinery working in Great Britain or in Holland. Some are under training in Trombay itself or in Bombay at the head office. Special courses of training also have been arranged on an extensive but individual basis both in the refineries here and in laboratories or the Shell Group in Europe. In addition to these arrangements, about 200 Indian recruits are even now learning the know-how of oil refining on the site.

Apart from the opportunity for specialised training in a new and complicated industry like oil refining which the B.S.R. provides thus, there are other benefits. The total investment in the refineries (in all the three refineries) which is the highest single foreign investment so far in any new undertaking, would amount to Rs. 50 to Rs. 60 crores. Besides the direct impact that this will have on the economy of India, it will also have a psychological effect on future foreign investments in that it will help demonstrate the prevalence of large-scale investment in other basic industries also of national importance. Another advantage is the large saving in foreign exchange, particularly of dollar currency, which is now being used on imports of petroleum products. Future imports, as a result of the coming into existence of the oil refineries, will be restricted, in the main, to crude oil and for every gallon of petrol that one buys at a road-side pump or a gallon of diesel oil that may be consumed in industry in future, the element of cost in the price representing payments for labour and other sundry charges will have been incurred in India.

By 1956, the consumption of petroleum products in India is expected to reach a figure of nearly four million tons. When the Stanvac and the Burmah-Shell will be in full production—that is also by about 1956—the total output per annum of these refineries would be about the same. Between the three oil companies, namely, the Stanvac, the Burmah-Shell and the Caltex, however, 80 per cent of the country's needs of petroleum would be satisfied.

This is, indeed, a great stride from only the 7 per cent self-sufficiency in petroleum products which India could claim when it had only the Digboi refinery to boast of. Measured by any standards, it makes an impressive record.

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BUSINESS NOTES

DEBATE ON RAILWAY BUDGET

THE changes in railway fares and rates occupied the front place in the general debate on the Railway Budget. But they could not by any means monopolise even the major part of the discussion and it was a healthy sign of the keen interest which members of both the Houses of Parliament evinced in the operational efficiency of the railways that equal emphasis was placed in the course of the debate on the unsatisfactory performance of railways in physical terms. The Railway Minister's assertion of his own satisfaction with the rate of progress could not alter the situation and the independent verdict given in the House must be taken to prevail. There is a real risk that shortfalls in the capacity of the railways to respond to the rising pressure of traffic may slow down the progress of the development projects.

Mr. Lal Bahadur Shastri recognized the weight of the general reaction to his tax proposals and the modifications which he announced deserve an expression of appreciation. By exempting third class passengers by ordinary trains from the increase in fares over the first leg of 50 miles, he has extended a concession to a large majority of travellers by ordinary passenger trains. The price of this concession which is estimated at Rs. 1 crore cannot be considered high. On freight rates, the reduction of the proposed surcharge of 12.5 per cent on "smalls" to 6.25 per cent and the abandonment of the idea of raising the minimum charge from Re. 1 to Rs. 1-8-0 is a petty concession and in the aggregate volume of goods traffic it has little significance. The higher charge that has been imposed on the average haul remains and the burden will continue to enhance transportation costs of a major sector of industry operated on any scale. In a somewhat unexpected way, Mr. Shastri has let out the hesitating and indecisive attitude of the Railway Ministry on the crucial question of construction of new railway lines. So far, the target was pitched at 3,000 miles during the period of the Second Five-Year Plan, but it was assumed that actual construction must necessarily fall short of it. The Minister now mentions the higher figure of 5,000 miles. This is probably an indication of being wiser on second thoughts. Nevertheless, if this afterthought is reinforced by a determination to achieve the higher target it will be to the good of the country's transportation system as well as to its economy. From now on the Railway Ministry should strive to overcome any diffidence over possible obstacles of adequacy of manpower and other resources. One thousand miles per year is not at all a high target for a plan on a vigorous scale and construction at this rate has been pushed through in the past despite normal difficulties.

RAW SUGAR IMPORTS

THE Food and Agriculture Ministry's announcement of sugar policy for the 1954-55 season contained a positive decision to increase the proportion of raw sugar in the total quantity to be imported. The opposition to this policy rested primarily on the ground that establishment of refineries in this country for processing raw sugar would prove superfluous after a short period, when the expansion of the indigenous industry is raised to a level sufficient to take care of the total home consumption. This opposition was not irrational and apprehensions were strengthened as a result of the plans for the projects of setting up refineries in this country—mere "laundries" as they were called in ironical description. It would appear that the full force of this reasoning has not been appreciated by the Government. However, in so far as the 1954-55 season is concerned, licences to import raw sugar are to be issued on the definite condition of processing at vacuum pan sugar factories. This would ensure extra work for the existing factories and additional employment for labour in a seasonal industry whose off season duration will be reduced.

The quantity of raw sugar fixed for the season is 150,000 tons as against 48,000 tons in the 1953-54 season, and is estimated to yield refined sugar equal to approximately 135,000 tons. It is in no sense a smooth path for the importing vacuum pan factories to engage in this attractive business. The liabilities involved are not few and the restraints imposed on production under the Union Food and Agriculture Ministry's regulation are bound to cause inconvenience and at times hardship. These restraints include the Ministry's scrutiny of the import and processing programme, submission of fortnightly returns, statements of accounts and arrangement of railway transport from the port towns on the responsibility of the factories themselves. The deadline for completion of processing is set at 31st October, 1955. These mills are to be compensated partly by the freedom to sell without price restriction which implies that the margin between the price of imported sugar and the final cost of processed and refined sugar will not be interferred with. Sales of processed sugar, however, are not free but dependent on releases at the sole instance of the Ministry. If these releases are delayed over long periods, ostensibly as insurance against possible periodical shortages, they would entail locking up of working capital.

SEARCH FOR A COLOURING MEDIUM

THE intensive search for a suitable medium for the colorisation of Vanaspati has not yet yielded any positive result. Last Saturday's meeting of technical experts from all over the country and representatives of the industry and Government felt constrained to endorse this conclusion. The requirements of an acceptable medium for Vanaspati colorisation are primarily two: (1) the colour in question must not be deleterious to the health of the consumer, and (2) it must not be capable of being removed easily by any chemical process. Even ignoring other requirements like eliminating the possibility of offending the consumer's bias of the traditional colour of ghee, any technique for the prevention of use of Vanaspati for adulteration of genuine ghee must satisfy these two absolute tests.

Of the two targets of repeated attacks on this popular and cheap cooking medium—the aid and facility which it renders for adulteration of genuine ghee and the harmful effect it was alleged to produce on human eye-sight—the second target has been abandoned now for sheer want of scientific corroboration. The moral of this lesson is clear. It is that prejudice is likely to endanger the position of a perfectly harmless and useful industry and this result must be prevented at any cost. This moral, however, is flatly ignored in certain responsible quarters and the non-official Bill to put a ban on the manufacture of Vanaspati in the last session of Parliament was an instance of this trend. The fact that the Bill was thrown out was just according to expectations. But it was surprising that a seasoned parliamentarian like Pandit Thakurdas Bhargava should have come out with a charge that Government was in error in not enforcing a colouring medium though it was available. Last Saturday's meeting, which reflects the disinterested and technical view of experts, should serve to rectify this attitude. The search for the colouring medium has not been abandoned by any means; on the contrary, it is to be pursued with undiminished zeal and unrelaxed effort by way of research. Mr. A. P. Jain, exhorting the delegates to undertake the investigation with greater vigour, made a gratuitous plea for the co-operation of the industry in devising means to prevent the use of Vanaspati as an adulterant of ghee. That co-operation has always been offered. But until an effective colouring medium is found, responsibility for preventing adulteration must rest squarely on the shoulders of the executive.

CAPITAL ISSUES CONTROL

A PROGRESSIVE reduction in the number of applications made by Indian promoters and a notable increase in the number of applications involving investment of foreign capital are revealed by a study of the working of the Capital Issues (Continuation of Control) Act, 1947, for the past three years. While as many as 326 Indian promoters applied in 1952, the total number of applications in 1953 was only 272, and in 1954 a little lesser still at 267. On the contrary, out of the aggregate applications, it is interesting to note that there has been a steady rise in applications from industrial companies, namely, 102 in 1952, 124 in the following year and 140 last year. The amounts involved have also been strikingly higher, as the table given below shows:

1	2	3	4	5	6	7	8	9
Year	Total Number of Applications	Total Amount Involved (in crores of Rs.)	No. of Industrial Applications Sanctioned	Amount of No. (4) (in crores of Rs.)	Applications from Foreign Investors	Amount of Foreign Capital Involved (in crores of Rs.)	No. of (6) Sanctioned	Amount of (8) Sanctioned (in crores of Rs.)
1952	326	152.3	102	32.7	76	6.0	63	5.5
1953	272	89.8	124	71.4	121	20.5	101	17.5
1954	267	117.0	140	93.9	119	29.1	108	28.9

In 1952, out of the total of 326 applications, only 72 applications (including 23 industrial and 49 non-industrial companies) were refused. Similarly in 1953, only 40 out of 272 applications (comprising 7 industrial and 33 non-industrial) were rejected, as against 47 out of 267 applications (16 industrial and 31 non-industrial) in 1954.

While in 1952, the refusals related to lack of satisfactory evidence of the financial standing of the promoters, in 1953 and 1954 the rejections mainly related to applications for issue of bonus shares in respect of industrial concerns. As regards non-industrial concerns, the refusals related to flotations which were indefinite and premature, and to banking and insurance companies whose financial position was considered unsatisfactory.

Considerate treatment has evidently been accorded to applications involving investment of foreign capital in companies in India. The total number of such applications during the three years under review has been 76, 121 and 119, respectively, and the number sanctions 63, 101 and 108; respectively. Equally impressive are the amounts involved, namely, Rs. 5.5 crores, Rs. 17.5 crores and Rs. 28.9 crores, respectively. In 1952 only 13 applications in this category, involving the small figure of Rs. 0.5 crore, were rejected, as against 20 applications involving Rs. 3.0 crores in 1953, and 11 applications representing Rs. 0.2 crore in 1954.

COAL INDUSTRY IN THE DOLDRUMS

THE Ministry of Production's latest annual report pertaining to the coal industry attempts to give the impression that all is well with the industry, but on at least two fronts—those of production and controls—it does not say all that it should have said. It is true that there has been a rise in raisings and despatches of coal during 1954—36.77 million tons and 31.94 million tons, respectively, against 35.98 million tons and 30.7 million tons in 1953. But the question is whether, consistent with the anticipated demand in the coming years, production is increasing at the required rate. Giving a broad indication of the order of increase in consumption by 1955-56, the Planning Commission has stated that the additional demand is expected to be about six million tons, i.e., four million for industry, one million for railways and one million for additional thermal power and other purposes. Judging by recent trends in output, this additional demand cannot be met unless positive steps are taken—and taken quickly—to put matters right.

The most immediate and vital problem with which the industry is faced, as pointed out by Mr. J. W. N. Baldock in his address to the recent annual meeting of the Indian Mining Association, is that of the inadequate margin between the costs of production and the controlled selling prices. The prices were fixed on the basis of production costs in 1947 and have since then been statutorily reduced. On the other hand, costs have steadily increased, with the result that some of the companies are working at a loss. In spite of the fact that figures have been published to show that production in 1954 was slightly higher than in 1953, the point to be borne in mind is that production is not increasing at the rate which the Government's plan requires that it should. It is a timely suggestion that Mr. Baldock has made that a new survey should be undertaken of the requirements of our expanded industries in five and ten years' time, and of the plans which are being made to meet these needs.

The position that has arisen from the multiplicity of controls, which are still being continued, is also far from healthy. Apart from the uncertainties created by the absence of a clear announcement of the Government's policy with regard to nationalisation, the industry is beset with a growing variety of controls which seem to be applied more in the sense of direction and interference than in the sense for which it was properly intended. To cite a couple of instances, new mines cannot be opened and uneconomical pits cannot be closed without Government's prior approval, and not a single wagon from collieries can be despatched without prior sanction from the Coal Commissioner's office. The industry has, among other things, also advocated decontrol of distribution.

The production of selected grades of metallurgical coal has been pegged since 1952 as a measure of conservation of this valuable grade of coal. Its production has been brought down from 7.9 million tons in 1951 to 7.3 million tons in 1953, and it cannot be said, as the spokesman of the industry has suggested, that any serious dislocation has been caused to the industry by Government's control in this matter. It should not be forgotten that the position of reserves in regard to coking and semi-coking coal, according to geological experts, is clearly unsatisfactory, and that the future policy should be one of strict enforcement of the conservation measures recommended by the Committee on the Conservation of Metallurgical Coal (1949). The industry has, on the other hand, made out a strong case against the concentration, in the hands of one Government official, of the administrative functions of the Chairman of the Coal Board, the Coal Commissioner and the executive head of the State collieries. This valid complaint, it should be stressed, is against the obviously improper system and not against the present incumbent of these offices. Such anomalies could be prevented if, prior to taking decisions, the authorities take the spokesmen of the industry into their confidence. Whether or not the various objections raised by the industry against the continuation of State interference are justified, the Government has little excuse

in not consulting the people who run the industry, before introducing measures which, in many cases, have far-reaching effects.

INQUIRY INTO OILSEEDS CRUSHING

THE terms of reference prescribed for the Oilseeds Crushing Industry Inquiry Committee betray utter confusion in thinking on the part of the Government of India on the position of cottage industries vis-a-vis organized large-scale industries. It would be idle to conceal the basic outlook on the part of the Government which presumes the existence of an inherent conflict between the two and considers organized industry necessarily as a threat to rural industry. In spite of comprehensive investigations into this problem, the truth does not seem to have been realised that the present set-up of village industries must be changed so as to enable them to absorb the benefits of technological advances and then to function effectively either on a parallel basis with organized industries or as ancillary to the latter. Instead, the main idea is to group up the outmoded structure of rural industries by artificial aids. What is worse than this, the new approach is based on a faith in bolstering rural industries by imposing restrictions on organized industries in diverse ways.

The solicitude of the Government to help the resuscitation of the village oil-crushing industry and to foster its growth is quite understandable. On this score, it would be perfectly reasonable, and very much desirable, to extend facilities to the "ghani" industry for organization on a co-operative basis, possibly with some measure of modernization of its production technique. In so far as the Inquiry Committee examines this question on a practical plane it will have served a valuable purpose. According to Government's knowledge no organisations or associations of this industry exist. This in itself is proof positive of the urgent need to provide the industry an organized co-operative basis. But barring this one term of reference, the task entrusted to the Committee is clearly misconceived. The very idea of investigating the likely necessity of reducing the capacity of mills for crushing oilseeds is retrograde. The home market for oils for domestic as well as industrial consumption is expanding rapidly and it is crystal clear that the old type of "ghani" industry will be simply unable to cater to it. Nothing short of chaos will result from reservation of any substantial share of the business for the rural industry. The export aspect of the industry is still more important than that. India is now placing a deliberate emphasis on the shift from the export of oilseeds to the export of oils. Our bilateral trade agreements include oils as one of the important articles of export from this country. The revised schedule of articles in the bilateral trade agreement between India and Hungary, which was incorporated in the letters signed and exchanged by the Governments of the two countries just last week on March 10, contains, on the Indian side, the sole addition of groundnut oil as an extra item of export. This country cannot allow this export trade to be distorted by distorting the pattern of the organized oil-producing industry. The facts of this case are so obvious as to make any investigation by an Inquiry Committee superfluous.

AKALI AND CHEMICAL CORPORATION'S PROGRESS

THE presidential speech of Mr. N. D. Harris at the eighteenth ordinary general meeting of the Alkali and Chemical Corporation of India Limited at Calcutta on March 10, 1955, gives in brief outline the striking expansion and progress achieved by the Corporation during the year ended September 30, 1954. This was the first full year of the Corporation's operations excluding the Khewra alkali works in Pakistan which have been sold. If due allowance is made for the fact that the previous year's accounts included the sales of the Khewra works for eight months, the turnover registered in the year under report easily discloses a reassuring position. The net profit of Rs. 8.37 lakhs, for the year ended September 30, 1954, however, exceeded the preceding year's net profit of Rs 8.14 lakhs despite the exclusion of Khewra works. After allocating a sum of Rs. 3 lakhs to the Reserve for Deferred Income Tax Liabilities and a sum of Rs. 1.55 lakhs for payment of dividends on the preference shares for the year, the Directors have recommended payment of dividend on ordinary shares at the rate of 6 per cent. A balance of about Rs. 1.14 lakhs has been carried forward. These vital figures bear testimony to the sound financial results.

The individual units of the Corporation are functioning on a progressive scale. The extensions to the chlorine and caustic soda plant, completed in the previous year, have stepped up the production capacity. Mr. Harris draws attention to the fact that in relation to the present requirements of the country the total production has exceeded consumption, but in spite of this development the Corporation's sales of chlorine were satisfactory. It is pursuing a successful search for use of chlorine as an ingredient in the manufacture of other products. An important achievement of the year that deserves notice is that the crude benzene hexachloride plant is working to full rated capacity, thereby implementing the recommendation of the Tariff Commission in this behalf. The paints unit has kept on responding to the rising demand and extension of the unit is now under consideration. The varnish plant was completed during the last accounting year and its output is adequate to meet the Corporation's requirements. An important adjunct to the plan of expansion is the availability of the technical service station which has been erected by the Corporation's selling agents—Imperial Chemical Industries (India) Limited. Full benefit is taken by customers of the facilities provided by it.

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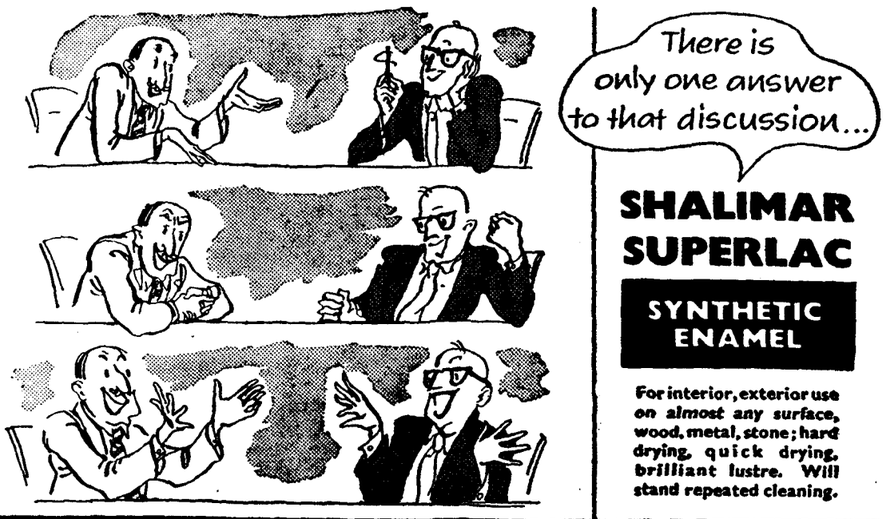
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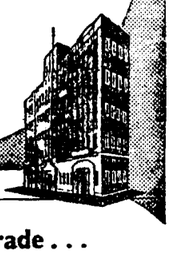
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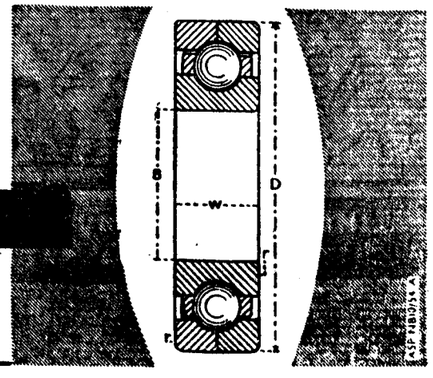
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BANK OF BARODA LTD.

The audited accounts of the Bank of Baroda Limited for the year ended December 31, 1954, reveal an increase of Rs. 3.99 crores in total deposits as compared with the last year. Fixed deposits have recorded a sharp rise of Rs. 2.91 crores over the previous year's figure of Rs. 15.51 crores. Increase in deposits is accompanied by increase in both investments and advances. Advances have gone up by nearly 42 per cent from Rs. 17.99 crores to Rs. 25.50 crores during the period under review while investments are up by nearly 2 per cent.

Interest earnings show a sizable rise of Rs. 26.04 lakhs while the interest paid on deposits, borrowings, etc., has also moved up by Rs. 17.07 lakhs to Rs. 60.82 lakhs. The net profit, therefore, is up by nearly 25 per cent from Rs. 22.45 lakhs in 1953 to Rs. 28.02 lakhs in 1954.

The directors have provided Rs. 5.00 lakhs (as against Rs. 3.00 lakhs) for taxation and Rs. 1.30 lakhs for depreciation. A sum of as much as Rs. 4.50 lakhs has been transferred to the investment account. The dividend has been maintained at 12 per cent per annum, inclusive of bonus of Re. 1 per share.

The table below sets out the working of the bank during the last three years:

(In lakhs of rupees)

Year ended December 31	1952	1953	1954
(a) Deposits and other accounts:			
(i) Fixed Deposits	13,66.58	15,51.12	18,42.37
(ii) Saving Bank Deposits	5,51.51	5,47.47	5,71.57
(iii) Current Accounts, Contingency Accounts, etc.	9,99.03	9,87.29	10,71.44
TOTAL	29,17.12	30,85.88	34,85.38
(b) Investments	10,96.09	11,62.05	11,83.72
(c) Advances	14,56.79	17,98.74	25,50.18
(d) Interest paid on borrowings, etc.	46.41	43.75	60.82
(e) Interest and discount earnings	1,08.43	1,03.24	1,29.23
(f) Net Profit (subject to taxation)	25.09	22.45	28.02
(g) Provision for Taxation	3.00	3.00	5.00
(h) Transfer to Bank's Investment Account	4.50	1.50	4.50
(i) Dividend rate per cent per annum (inclusive of bonus)	12	12	12

MARTIN BURN LIMITED

The directors' report of the Martin Burn Limited for the year ended September 30, 1954, discloses an increase of the order of Rs. 39.58 lakhs in the figure for sales as compared with the preceding year. The stocks for the period under reference show little change at Rs. 73.94 lakhs. The bill for salaries and wages is up fractionally from Rs. 38.26 lakhs to Rs. 39.76 lakhs and absorbs about 8 per cent of the sales.

The net profit, after providing for depreciation but not for taxation, has also increased from Rs. 51.56 lakhs in 1953 to Rs. 53.62 lakhs. The directors, therefore, have transferred Rs. 3.50 lakhs to Investment Reserve and a similar amount to General Reserve. Rs. 2.29 lakhs have been provided for depreciation. Taxation gets Rs. 25.00 lakhs (as against Rs. 24.50 lakhs in the previous year). The ordinary dividend has been maintained at 13¾ per cent, including 1¼ per cent that of the bonus.

The progress of the company during the last two years is brought out in the table below:

(In lakhs of rupees)

Year ended September 30	1953	1954
Sales	460.58	500.16
Stocks	73.19	73.94
Salaries and Wages	38.26	39.76
Net Profit*	51.56	53.62
Depreciation	2.36	2.29
Taxation	24.50	25.00
Investment Reserve	3.50	3.50
General Reserve	2.00	3.50
Dividend rate per cent per annum**	13¾	13¾

*After providing for depreciation but not for taxation.
**Includes bonus at the rate of 1¼ per cent.

THE BANK OF MYSORE LIMITED

The audited accounts of the Bank of Mysore Limited for the year ended December 31, 1954, show a sizeable increase in deposits. Fixed deposits are up by Rs. 4.74 lakhs from Rs. 339.81 lakhs at the end of 1953 to Rs. 344.55 lakhs at the end of the year under review. Thrift and Saving accounts show a rise of as much as Rs. 20.12 lakhs to Rs. 200.99 lakhs. The figure for current accounts also stands enhanced at Rs. 453.33 lakhs. The overall increase in the deposits is of the order of Rs. 1.10 crores.

Increase in deposits has resulted in increase in investments as well as advances. Investments stand marked up from Rs. 292.61 lakhs to Rs. 299.88 lakhs and advances from Rs. 687.78 lakhs to Rs. 691.19 lakhs.

Interest earnings and interest paid by the Bank have both gone up but the net interest earnings have declined fractionally from Rs. 31.88 lakhs to Rs. 31.64 lakhs.

The profit and loss account shows a slight fall in the net profit from Rs. 17.91 lakhs to Rs. 17.64 lakhs. The directors have maintained the dividend at 16 per cent per annum inclusive of a 4 per cent per annum bonus.

The progress of the bank during the last three years is outlined in the table below:

(In lakhs of rupees)

Year ended December 31	1952	1953	1954
Deposits and other Accounts:			
Fixed Deposits	259.13	339.81	344.55
Thrift and Saving Bank Deposits	166.78	180.87	200.99
Current Accounts, Contingency Account	452.01	368.22	453.33
TOTAL	877.93	888.90	998.86
Investments	300.34	292.61	299.88
Advances	603.20	687.78	691.19
Interest Paid on Deposits, Borrowings, etc.	13.13	15.47	17.91
Interest and Discount Earnings	43.18	47.35	49.55
Net Profit (subject to taxation)	14.49	17.91	17.64
Provision for Income Tax and Super Tax	2.50	2.5	3.5
Transfer to Reserve for Income Tax and Super Tax	Nil	3.5	3.5
Dividend rate per cent per annum	16	16	16

COMMODITY NEWS AND NOTES

1954-55 THIRD ESTIMATE OF SESAMUM

According to the Directorate of Economics and Statistics, the all-India third estimate of sesamum (til or gingelly) for 1954-55 puts the current year's acreage and production at 5,861,000 acres and 567,000 tons, as against the adjusted third estimate of 6,079,000 acres and 534,000 tons respectively for 1953-54. This shows a decline of 218,000 acres or 3.7 per cent in area and an increase of 33,000 tons or 6.2 per cent in production over last year.

The decrease in area under sesamum in Rajasthan, Hyderabad and Saurashtra is due to unfavourable weather conditions at the sowing time. This decrease has, however, been offset to a small extent by increases recorded in Madhya Bharat and Uttar Pradesh. Despite decreased acreage, production has increased due to better climatic conditions during the growing period. The increase in production has been shared mainly by U.P. and Madhya Bharat. Slight decreases in area have, however, been reported from Hyderabad, Rajasthan and Mysore. The information given in this estimate relates generally to the period up to the end of December 1954. Till then, the condition of the crop was reported to be generally satisfactory. Some damage to the crop by erratic rains was, however, reported from parts of Andhra, Bombay, the Punjab and Madhya Pradesh. This estimate does not cover the entire area sown to this crop during 1954-55. Past experience has shown that the area at the third estimate stage forms roughly 95 per cent of the crop finally reported.

INDIAN TOBACCO EXPORTS

The total shipments of tobacco increased to 73 million lb. in 1954 as compared to 52 million lb. in 1953, showing an increase of over 40 per cent. Value of exports, however, was slightly lower at Rs. 11.06 crores compared with Rs. 11.9 crores in 1953 due to a fall in prices. The U.K. was the main buyer and imported 31 million lb. of tobacco valued at Rs. 6.4 crores. According to the grading report about 89 million lb. of tobacco worth Rs. 9.6 crores was graded and marked for exports during 1954, compared with 70 million lb. worth Rs. 9.4 crores in the previous year and 102 million lb. worth Rs. 13 crores in 1952. The Government of India reduced the export duty and as a measure for export promotion, issued ad hoc import licences to overcome exchange difficulties experienced by countries importing Indian tobacco. To promote the sale of Indian tobacco abroad, a delegation was sent to China, Japan and other Far Easten countries. A silk-tobacco deal was signed with China under the trade agreement. Indian production of tobacco is about 500 million lb., most of which is consumed internally.

CEYLON'S TEA EXPORTS

Shipments of tea from Ceylon rose from 335 million lb. in 1953 to 356 million lb. in 1954. It was in spite of an increased export duty and was due to good crop and brisk foreign demand. Tre permissible export quota of Ceylon for 1954-55 under the International Tea Agreement is 339 million lb. The U.K. took 137 million lb. in 1954 compared with 117.7 million lb. in 1953. Shipments to Africa and Egypt also increased. Exports to dollar countries, however, recorded substential decline. While offtake by the U.S.A. fell from 35 million lb., to 30.8 million lb., it fell by 1.2 million lb. to Canada also. Shipments to Australia and New Zealand were also slightly lower at 51.6 million lb and 13 million lb. respeetively.

RECORD STEEL PRODUCTION IN U.K.

The annual rate of output of steel ingots and castings reached 20.50 million tons in February. Pig iron production rate reached 12.57 million tons which too was the highest ever reached. It resulted out of a general increase in output in most producing areas. In the first two months of this year steel production has been almost 8 per cent above that of January and February, 1954. Nevertheless the pressure on supplies is still intense. Exports of all types of iron and steel products in January were the highest ever achieved. At 252,000 tons valued at £14 million they compare with 174,000 tons valued at £11 million during January, 1954. Steel is to be imported in increasing quantities to meet the demands of the home market, and in the opinion of the Iron and Steel Board, it might be necessary to import as much as 1 million tons of iron and steel products this year. This is double the estimate generally accepted in the industry at the turn of the year.

U.S. ESTIMATE OF NATURAL RUBBER CONSUMPTION

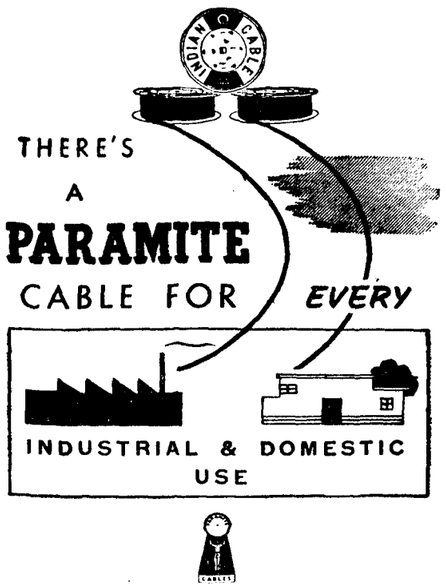
The Natural Rubber Bureau has raised its 1955 estimate of total new rubber consumption in the U.S. by 90,000 tons to 1,350,000 tons. This is based on increased consumption in the first two months of this year. It has been noted that consumption in the rest of the world is proceeding at the same remarkable rate. It is now estimated that instead of the 1,170,000 tons of natural rubber forecast for 1955 consumption outside the U.S., the total for the year will be 1,230,000 tons.

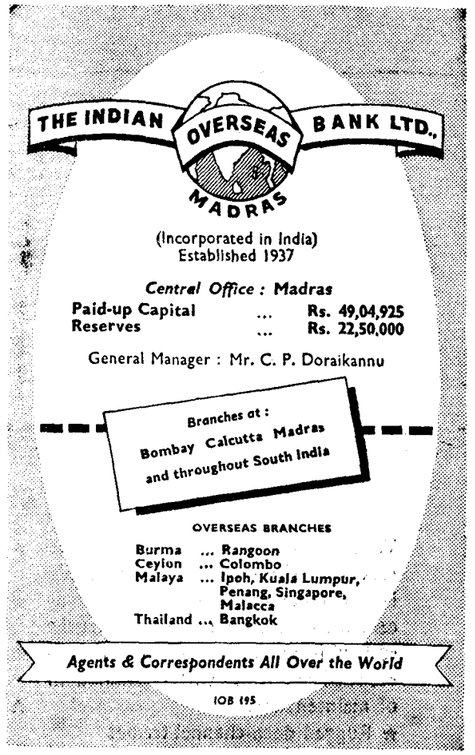
NEWSPRINT IN U.S.

The estimated U.S. consumption of newsprint in January, 1955 was 504,632 tons, an increase of 26,925 tons or 5.6 per cent over January, 1954. About 77.8 per cent of total U.S. supply came from Canadian mills, about 20.7 per cent from U.S. mills and the rest 1.5 per cent from Europe. Total U.S. supply in January was 494,355 tons, compared with 488,380 tons in January, 1954. U.S. consumers' stocks decreased by 10,277 tons in January to 710,506 tons as compared with 771,183 tons at the equivalent time last year. Total North America stocks at the end of January were 867,964 tons, against 915,336 tons at January 31, 1954.

Canadian newsprint production in January was 490,822 tons, about 3.1 per cent above January, 1954. Deliveries by Canadian manufacturers in January were 466,253 tons, an advance of 13,783 tons over January last. U.S. production and deliveries in January, 1955 of 115,577 and 113,882 tons, respectively, showed increases of 20.0 per cent and 19.7 per cent over January, 1954.







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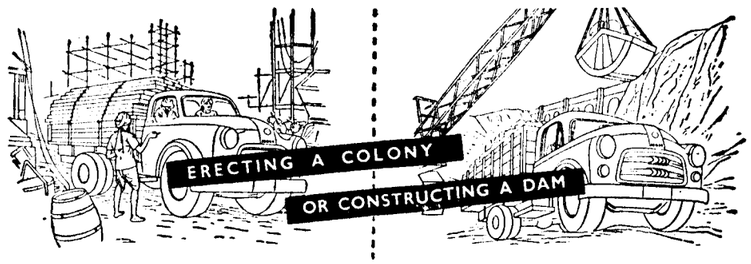
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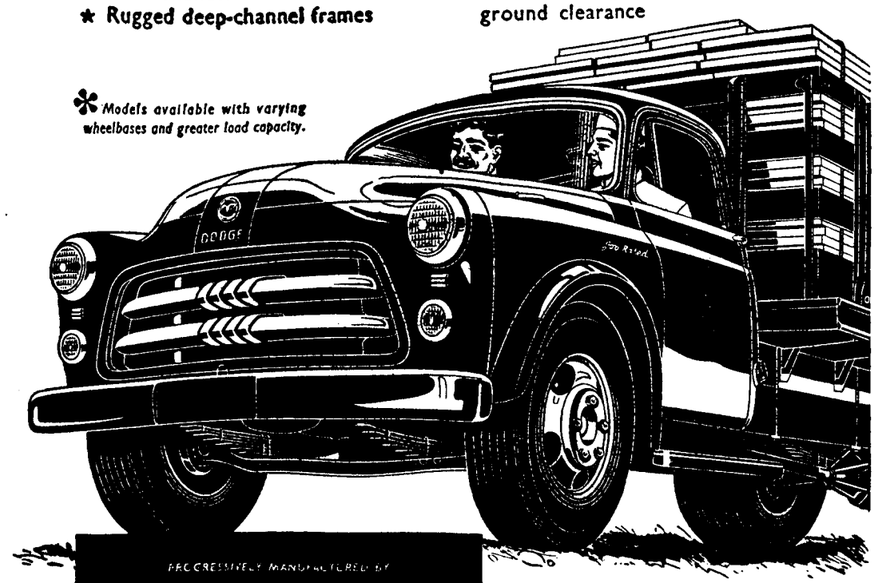
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Company Meeting

THE ALKALI & CHEMICAL CORPORATION OF INDIA LTD.

Speech delivered by the Chairman, Mr. N. D. Harris, at the Eighteenth Ordinary General Meeting of the Company held in Calcutta on the 10th March, 1955.

Gentlemen,

The audited Accounts and Directors' Report for the year ended 30th September, 1954, have been in your hands for some time and with your permission I propose to take them as read.

The working of the Calcutta Factory at Rishra was satisfactory throughout the year, and I propose to give you a brief review of the operation of its separate units.

The extensions to the Chlorine and Caustic Soda plant were completed satisfactorily during the previous year, thereby providing greatly increased production capacity. The total production capacity for Chlorine throughout India has, however, temporarily overreached consumption and, because of keen competition, it has not been possible to use the capacity of our plant to the full. Nevertheless, sales of Chlorine were reasonably satisfactory. We had no difficulty in disposing of all the Caustic Soda manufactured.

We are giving much thought to finding new outlets for Chlorine, in particular for the manufacture of other products. The Hydrochloric Acid plant, a consumer of Chlorine, has recently been operating at its maximum output and the maximum quantity of Chlorine is also being used in the Benzene Hexachloride plant. Extensions to these plants will be considered if desirable, as well as the manufacture of other products. A small plant for production of Zinc Chloride was installed during the year.

In my speech last year I mentioned that the crude Benzene Hexachloride (B.H.C.) plant had not fulfilled our expectations but I am glad to report that we have overcome our initial difficulties and full rated production has now been achieved. As a result, the Tariff Commission's recent recommendation that your Company should use its full capacity for the manufacture of Benzene Hexachloride has already been implemented. Despite keen competition, the high reputation enjoyed by our "Gammexane" formulations, particularly, our "Gammexane" Water Dispersible Powder has assured us of a good demand. The insecticide market is extremely competitive and each year new factories are planned for their manufacture. I mentioned to you last year that Tatas were putting up a B.H.C. plant which is expected to be in production this year. The Government D.D.T. plant located at Delhi will shortly begin to produce and another Government D.D.T. plant is under consideration. Both are so planned as to permit their initial yearly capacity of 700 tons being doubled.

The Paints unit has worked well and production has been maintained at a high level to meet the increasing demand. We have had to meet keen competition but "Duco" and "Dulux" have earned a high reputation in the market and the technical service our selling agents are equipped to render gives us a substantial advantage. Our technical advisers, Imperial Chemical Industries Limited, have given us every assistance in maintaining a high degree of plant efficiency and we are grateful to them. Consideration is being given to increasing the capacity of the existing plant.

Our varnish plant was completed during the year and meets most of our requirements. We have also put on the market, under licence from American Chemical Paints Company, a full range of metal pretreatment products. These products are used for treating metallic surfaces before the application of paint to ensure a clean surface and with it good adherence. We have also constructed a paints development laboratory to study technical problems connected with this industry.

The technical service station erected by our selling agents, Imperial Chemical Industries (India) Limited, has proved invaluable and customers have made full use of the facilities offered.

You will remember the sale of our Khewra alkali works in Pakistan was completed in 1953, and this year's accounts are the first without Khewra sales.

The previous year's accounts included the sales from the Khewra Factory for eight months of that year which accounts for the lower turnover this year. Despite the lower turnover, the nett profit of Rs. 8,37,316 is slightly higher than last year's figure of Rs. 8,14,151, a result which may be regarded as satisfactory. With the addition of the balance brought forward from the previous year of Rs. 1,03,311 there is a balance available for distribution of Rs. 9,40,627. There is no liability to taxation for the year due to initial allowances on the new plant installed, but a sum of Rs. 3,00,000 has been transferred to Reserve for Deferred Income Tax Liabilities. The dividends on the Preference Shares for the year absorbed Rs. 1,55,000 and the Directors recommend the payment of a dividend at the rate of 6 per cent on the Ordinary Shares. This will leave a balance of Rs. 1,13,627 to be carried forward.

During the year Mr. Edward Martley, General Manager of the Rishra Factory, resigned from the Board on his retirement from service. Mr. Martley was connected with the Rishra Factory since the formation of the Company and was largely responsible for building it. Mr. P. M. G. Hutton was appointed an Additional Director.

The Directors retiring by rotation are myself and Sir Biren Mookerjee and my colleagues on the Board recommend our re-election. Mr. P. M. G. Hutton ceases to be a Director under Article 113 and is recommended for re-election. A resolution seeking your permission to Mr. Hutton occupying a position of profit under the Company is also being put to you for your approval.

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 which is the same as that for the previous year.

(The Report and Accounts were adopted. Mr. N. D. Harris, Sir Biren Mookerjee and Mr. P. M. G. Hutton were reappointed Directors. The Auditors, Messrs. Lovelock and Lewes, were reappointed.)

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
April 1954 ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ e ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ e ..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July „ e ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ e ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ e ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ e ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November „ e ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ e ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February „ e ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
Week Ending										
29-1-1955 ..	302.5	427.8	342.0*	376.5	571.8	360.0	90.6	100.7	88.3	115.8
5-2-1955 ..	303.4	428.5*	340.8	376.8	549.6	359.9	90.6	100.7	88.3	115.4
12-2-1955 ..	308.5	444.1*	340.1*	377.8*	561.8*	364.5*	90.6	100.8	88.2	114.4
19-2-1955	304.9	438.8	340.8*	376.6*	563.7	362.3*	90.6	100.7	88.1	113.5
26-2-1955	300.5	433.2	337.2	376.1	559.0	358.9	90.6	100.7	88.1	113.5

e Average of weeks. *Revised.

†Economic Adviser's Series. ††Reserve Bank Series.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	—	341	—	—	—
1954 February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	—	337	—	—	—
1955 January	335	352	—	132	324	372	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	12-3-1955			5-3-1955			26-2-1955			19-2-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-12	93- 1	93- 6	93-11	92- 4	93- 1	93-10	91- 6	92- 9	94- 5	92- 9	93- 6
Silver (per 100 fine tolas)	168-10	166- 6	167- 9	166- 7	163-15	166-2	166- 4	162- 6	164- 3	164-15	162-12	163-14

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	86,95	111,37	52.91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
July 1954	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August „	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September „	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October „	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November „	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December „	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,15	695,72	56.33	104,27	434,90	1,226,51
February „	1,239,39	12,46	1,251,84	40,02	663,15	703,17	56.17	103,47	445,21	1,251,84
Week Ending										
28-1-1955	1,217,72	17,60	1,235,32	40,02	653,21	693,23	56.12	104,46	437,63	1,235,32
4-2-1955	1,231,82	12,79	1,244,61	40,02	663,15	703,17	56.50	103,82	437,63	1,244,61
11-2-1955	1,242,57	11,44	1,254,01	40,02	663,15	703,17	56.07	103,10	447,74	1,254,01
18-2-1955	1,241,16	13,04	1,254,19	40,02	663,15	703,17	56.07	103,29	447,74	1 254,01
25-2-1955	1,241,99	12,57	1,254,56	40,02	663,15	703,17	56.05	103,66	447,74	1,254,01
4-3-1955	1,265,56	7,34	1,272,91	40,02	673,15	693,23	56.03	102,00	457,74	1,273,91

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34,21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	13,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,86	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
July „	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August „	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September „	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October „	102,43	28,36	65,38	34,25	230,41	16,90	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November „	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December „	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,96	15,45	61,48	34,01	164,95	20,97	196,89	15,19	3,45	74,99	2,01	19,23	71,78	10,26
February „	51,26	16,81	50,78	34,15	152,99	26,14	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
Week Ending														
28-1-1955	54,03	20,77	58,14	34,06	166,99	22,47	199,46	17,94	2,55	76,40†	79	19,96	70,05	11,76
4-2-1955	48,84	19,36	54,89	34,16	157,24	23,46	190,70	13,03	2,22	71,72†	95	21,26	69,59	11,93
11-2-1955	52,58	11,08	48,78	34,03	146,47	25,93	182,40	11,76	2,23	69,30†	1,24	21,81	64,05	12,02
18-2-1955	51,74	14,12	51,08	34,07	151,01	27,17	188,18	13,26	1,89	68,50†	1,20	20,47	68,25	14,52
25-2-1955	51,87	22,68	48,36	34,32	157,23	27,99	195,22	12,84	4,48	65,50†	91	24,19	66,99	20,29
4-3-1955	52,61	18,65	46,14	22,08	144,60	24,74	179,34	7,48	7,39	58,25†	1,20	28,61	55,75	20,6

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

INDUSTRIAL PRODUCTION IN INDIA

(Monthly averages or calendar months)

Item	Unit	Latest Installed Capacity	1952	1953	1954 June	July	August	September	October	November
Coal ..	'000 tons	..	3019	2987	2885	2966	2958	3171	2921	3323
Sugar ..	,,	113.1	124.5	106.6	—	—	3.3	4.7	7.1	65.4
Tea ..	Lakh lbs	..	512.1	504.8	69.3	85.5	91.6	100.4	94.7	60.6
Cigarettes ..	Lakhs	20208	16766	16528	15570	17710	18460	18320	16920	14650
Cotton yarn ..	,, lbs	..	1208	1255	1275	1360	1,320	1310	1230	1350
Cotton cloth ..	,, yds	..	3832	4,065	4,152	4410	4,160	4120	3790	4210
Jute ..	'000 tons	..	79.3	72.4	74.6	80.7	78.2	79.0	75.1	88.6
Woollen Manufactures	,, lbs	1667	1382	1,604	1,602	1,782	1,745	1749	1705	1825
Plywood ..	,, sq. ft.	12000	7545	5100	5,387	5733	5842	6137	6083	59,40
Paper & Paper Boards	Tons	14475	11459	11642	12698	13105	13350	12802	12997	1395
Sulphuric Acid ..	,,	16435	8007	9091	11950	11420	11980	14459	13058	..
Caustic Soda ..	,,	3471	1422	1909	2314	2173	2615	2599	2603	..
Soda Ash ..	,,	5100	3694	4739	2,978	3,132	3,788	3331	4338	..
Chlorine Liquid ..	,,	1529	520	678	787	792	983	932	971	..
Bleaching Powder ..	,,	650	66	162	271	264	222	251	209	..
Bichromates ..	,,	493	122	209	269	239	259	266	284	..
Superphosphates ..	,,	17573	3888	4025	10,700	10650	8,725	8185	8615	..
Ammonium Suiphate ..	,,	35571	18359	26,635	29,057	26691	29,081	32326	36579	..
Paints and Varnishes ..	,,	5400	2831	2671	3,341	2,979	3,102	2605	2776	..
Matches (cases)† ..	Thousand	58.8	51.6	49.2	34.1	46.3	47.6	44.9	41.9	..
Sheet glass (sq.ft.) ..	,,	8440	753.6	1898.9	1081.7	2,207.7	3,086.0	3771.0	4356.4	4,803.4
Cement ...	,, tons	370.3	294.8	315.0	352.5	365.1	342.5	361.5	372.3	367.3
Refractories ..	,,	27.5	20.3	19.0	19.7	20.1	19.6	18.4	17.8	..
Pig-Iron ..	,,	185.1	140.4	137.9	138.4	146.0	153.4	140.6	151.7	153..
Steel Ingots and Metal for Castings ..	,,	128.5	131.5	125.6	131.0	141.4	146.4	133.1	143.2	143.3
Aluminium ..	Tons	584.0	297.2	313.2	234.6	438.6	514.6	567.0	498.6	465.8
Copper ..	,,	600.0	506.6	410.0	560.0	623.0	606.0	605.0	665.0	630.0
Lead ..	,,	500.0	94.3	141.2	85.0	150.0	139.0	94.5	77.5	200.5
Hurricane Lanterns ..	Thousand	381.9	293.6	359.4	431.0	—	482.2	420.9	259.1	..
Enamel-ware (pieces) ..	,,	2500.0	640.9	790.3	1168.3	1173.2	1151.4	1143.2	1061.2	..
Diesel Engines ..	Nos.	1097	354	310	773	704	625	718	640	..
Sewing Machines § ..	,,	3458	4170	5202	6,470	7,105	6301	6166	3896	..
Machine tools (value) ..	'000 Rs.	..	369.8	367.3	431.0	551.1	382.1	409.7	414.7	..
Dry Cells ..	Lakh	184.6	108.5	123.7	145.3	144.8	147.0	110.9	86.6	..
Storage Batteries ..	Thousand	24.7	13.2	14.7	16.6	18.0	17.1	14.9	13.3	..
Electric Motors ..	,, H.P.	16.7	13.1	13.5	15.2	17.6	16.0	16.0	13.8	16.5
Power transformers ..	'000 K.V.A.	27.3	17.9	25.7	29.4	39.4	35.7	39.3	28.6	35.4
Electric lamps ..	Thousand	2433.3	1740.0	1647.3	1977.8	2,076.1	2033.7	2089.2	1594.2	..
Electric Fans ..	,,	25.3	16.3	16.6	16.8	21.7	20.1	16.1	12.9	..
Bicycles ..	Nos.	36458	16413	22014	34919	31546	29716	28785	26972	..

† 50 gross boxes of 60 sticks each.

§ Installed capacity calculated for a single shift working, while one of the two units has been working more than one shift.

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.)

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The Eastern Economist

VOL. XXIV. NO. 12. NEW DELHI: MARCH 25, 1955. ONE RUPEE

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The Social Socialist

CONFUSION has grown worse confounded. Since the Avadi Resolution on the objective of a socialistic pattern of society, there have been numerous pronouncements from authoritative sources in the Congress Party to describe the new objective in policy; none of these descriptions is exactly similar to another. Again, quite frequently it is stated that the Avadi policy is not new and that, indeed, resolutions in similar terms fill the Congress Party proceedings for twenty-five years. Surely, however, it is a little illogical to claim that the Avadi Resolution is no more than the old pronouncement and at the same time to claim that its novelty alone made the Congress successes in the Andhra elections possible. It would appear the party is having it both ways. In so far as it faces conservative opinion, it argues that it is

merely a restatement of old policy; it claims to be new when it faces what is mistakably called progressive opinion in this country. And thus it has its cake and eats it for the most part with political success. Unhappily the country cannot share this good fortune; if it is politically content, it is having a bad time with economic philosophy.

It is this dilemma that the country is unable to have its cake and eat it in terms of economic policy which makes the Vice-President's statement of policy on the occasion of the opening of the Burmah-Shell Refinery on March 17 so topically important. The Vice-President said: "When we speak of a socialistic pattern of society we do not wish to uproot every enterprise that exists and re-create the industrial world anew. We wish to lay stress on the social vision, the social approach." Explaining this approach the Vice-President indicated that so long as private enterprise functions "with honesty of purpose and a sense of social justice and contributes to a rapid improvement of the living conditions of the common man and larger employment", it will have full scope. This has been the best (because it is the briefest) statement of what the socialistic pattern of society implies. But, surely, if this is the definition of India's new socialistic pattern of society, it is not socialistic at all.

So far as the Vice-President of India is concerned, precise definition has been given to the Avadi Resolution. Any system of society which maintains the objective of larger employment and a rising standard of living combined with "social justice" and "honesty of purpose" is acceptable. Here at least is a definition of goals with which private enterprise should not disagree, and, indeed, there were numerous business men at the opening of the Burmah-Shell Refinery last Thursday who made it clear that if the socialistic pattern of society meant no more than what the Vice-President stated, there could be no conflict. What is not clear to business men is why the understanding and support needed by private enterprise to attain these goals was so often withheld. In a Special Article elsewhere in this issue it is pointed out that in the United States these objectives have been obtained entirely without "socialism" or a socialistic approach and conceivably in the Vice-President's sense even without a "social" approach. It has been achieved largely by a rise of output per man-hour with the recognition that industrial efficiency implies that the worker shall be given the full benefits of such rises. It is conceivable, though possibly not certain, that in the Indian system the widening of the base of political authority and the strengthening of the power of collective bargaining with the Trade Unions would secure similar results. It is certainly not clear that they can be attained by frightening away private enterprise. It is not, therefore, necessary, even if it is politically tempting, that the Avadi Resolution of the Congress should imply any change in economic and political policy.

What is significant, however, is that while almost everyone agrees that in the last three years we have been moving in the direction of the ends which the Vice-President has in mind when he speaks of a "social approach", most politicians favour a substantial change of course. Throughout the debate on the budget the phrase "socialistic pattern of society" was repeated ad nauseam; no precise definition was given to the term but certainly it was used differently from the Vice-President's sense of a "social approach" in that private and public enterprise should have the same broad ends. What was intended by many Members of Parliament was a restriction of private enterprise. The Finance Minister did well, therefore, to rebuke those members who argued that the socialistic pattern of society was necessarily restrictive. Unhappily, the Finance Minister was, perhaps, arguing from the wrong side of this particular fence because he had already done much in his budget to effect a reduction of incentive in the private sector. One of the difficulties of the present situation seems to be that the Finance Minister says one thing and does another.

There is thus widespread confusion in the governing party as to whether the socialistic pattern of society involves any change in Indian economic policy and, if it does involve such a change, the limits to which that change will affect the active agents of the Indian economic system. If the Vice-President is to be believed, there is no change of policy. If the Finance Minister is to be believed, in theory there is no change in policy but in practice (witness his budget) there is a drastic new look. If the average Congress Party Member of Parliament is to be believed, the Avadi Resolutions must be read as describing an entirely new pattern of society. The chances are that in this confusion the active agents of Indian society will accept, rightly or wrongly, the least favourable interpretation. It is certain that these pronouncements, "social" or "socialistic", have already had a disturbing effect, which the clarification of policy by the Vice-President in his address at the opening of the Burmah-Shell Refinery has not dispelled. There is urgent need for clarification.

The Prime Minister is obviously the person to whom one should look for clarification. He has often, and in particular in his address at the meeting of the Federation of Indian Chambers of Commerce and Industry, stressed the important place that private enterprise will have in the new dispensation. But to argue that private enterprise has this particular place in the minds of Congress Ministers by no means implies that this place will, or can, be taken by private enterprise. It needs its own incentives; it cannot like the public sector carry out political orders. It is no argument in these circumstances to say that the new changes have the warrant of the Indian people and are in tune with their aspirations. Politically the choice of the Indian people must be accepted. But merely because the Indian people are politically sovereign that cannot decree a defined rate of economic progress. If the rate of economic progress should fall by reason of the political demands which the Indian people have placed upon the structure of Indian society, they cannot really will economic progress and the socialistic pattern with equal strength. That is exactly what seems to have happened. An economic imperative is being surrendered for an emotional political satisfaction.

For the present at least three large problems remain unsolved. The first of these is the question of fact as to whether the Indian people desire a socialistic pattern of society in full recognition of its adverse influence on economic progress. Secondly, the question arises what sacrifice in terms of economic progress the people are prepared to accept to accommodate their political ends. Finally, there is the question of what form the Indian people desire this exchange of economic progress for political satisfaction to take. The existing indications are that if a socialistic pattern of society can only be implemented in a budget such as that introduced by the Finance Minister last month, the loss in economic terms may be severe. There is unhappily little recognition that this is so; a certain recklessness has invaded political thinking in Delhi. It is time that this recklessness was recognised for what it is—a significant brake on India's economic progress.

The Budget Debate

THE general debate on the Budget, which ended in both Houses of Parliament this week, has proved to be as one-sided as the debate on the Constitution (Fourth Amendment) Bill. In the latter case the support of the Government was uniform to the point of monotony, whereas on the Budget, the members have been querulous in varying degrees about the general financial policy. A general debate provides opportunity, next only to that of the President's opening address, for members to ramble over a wide variety of subjects. It is also an opportunity in which demonstrations of loyalty to one's constituency seem more expedient than a close examination of the issues directly involved. Such specific issues may be discussed in the debates on the demands for grants and on the Finance Bill; meanwhile, a host of particular fads—personal or ideological—have become the touchstones of the Budget's merits. Mr. P. D. Tandon and Seth Govind Das have found proper occasion to register their dissatisfaction over the progress on Hindi—of which we may be able to hear more at the time of the Education Ministry's grants. Then there were the champions of the Adivasis and other backward *communities who have* failed to find reasons for enthusiasm in the Budget. The case for the unemployed—who constitute a countrywide constituency without political or language boundaries—became the refrain of most of the speeches. The Finance Minister seemed, by an apparently innocuous act of closing a small (and possibly imaginary) budget gap, destined to become the target of all-round disapproval. The new talk of socialistic pattern provided a convenient peg on which this many-sided criticism could be hung.

The Praja Socialistist leaders have, however, been the most trenchant in their criticism. Acharya Kripalani showed that two can play at the game of quoting the Taxation Enquiry Commission for entirely opposite causes. It was interesting to hear from him that it is not possible to nationalise all the industries in the country even if it is desirable, because the civil servant, when overburdened with industrial management, would crack. Mr. Asoka Mehta came nearer than others to what may be regarded as a close analysis of the issues involved, even if he was unreasonable in demanding of the Finance Minister proof of performance in terms of jobs created at the rate which Mr. Deshmukh had rashly assumed earlier in making his promises for the future. It was apparently the influence of the Taxation Enquiry Commission—or was it a common academic approach to all current problems?—which made him ask at this stage for safeguards against the effects of deficit financing! The gravamen of the charge against the Finance Minister has so far only been that he was so preoccupied with safeguards that he could not think of enlarging his spending even to the extent that existing safeguards permitted. Mrs. Sucheta Kripalani's view on this point proved that the members of the P.S.P. did not share a common view. She was deadlier in the attack on the Finance Minister when she characterised the Budget as "the routine budget of an accountant and not an economist". Here was an unkind but forthright epigram. The tenor of all other speeches has shown that something akin to this was at the back of the minds of most members who had ventured to speak on the subject but lacked strength of conviction.

It is clear that the multiplication of the excise duties has been unpalatable to the conscience of the representatives of the people irrespective of the sections which they represented. At best, they could understand sacrifices in a political sense and may even be ready to demand them for a popular cause. But as for asking for material sacrifices on the part of people close to either side of the poverty line, the average politician of whatever denomination has a horse-sense which is often denied to the cloistered economist or to the armchair expert on finance. In the Rajya Sabha, Dr. Radha Kumud Mookherjee, who represents an older generation of scholarship, could even think of the idea of proceeding to prosperity through consumption, because increased prosperity would mean nothing until the minimum standards of consumption were permitted over a wide sector. On this question of consumption there has been such remarkable unanimity of opinion that the Finance Minister has yielded substantially on the cloth excise duty and completely on sewing machines.

The few tears left to the members were shed over the middle class, which, it was assumed, was taxed partly through excises and partly by higher rates on income. The introduction of a system of married men's allowances has been too readily overlooked, even though it operates to offset the increases in the rates of those with incomes below Rs. 10,000. But it was nevertheless a very restricted view to take of the middle class. Neither the lowering of the limit for purposes of supertax to Rs. 20,000 nor the additional taxation of perquisites on the same group of income-earners has attracted enough sympathy. The grounds for such sympathy could have been found only in the contribution of these groups to capital formation or in the necessity for providing incentives for these groups to put in more effort and earn more, so as to foster the spirit of enterprise. The latter point was not raised but the importance of the savings and investment of this group was emphasised by Dr. A. Krishnaswami. It might appear, in the context of public development expenditure of the order of Rs. 400 to 500 crores, that this contribution to savings is meagre. On the contrary, it might be argued as Dr. Krishnaswami implied, that there was no need to mop up these small sums just now in the context of such large deficit spending. If left alone, even these small amounts may prove of marginal value in those sectors in which public expenditure does not make much headway, as in small industries. Such capital left in private hands may also remedy some of the regional disparities in expenditure caused by the necessarily limited character of major projects in the public sector at any particular time. Even if this point had been driven home, it was hardly likely to score with the Finance Minister who has chosen direct taxation as the area of lesser political resistance and has fortified his position with the Taxation Enquiry Commission's Report.

At first sight, the Budget debate seems thus to have given a wrong emphasis. The encouragement of this severe treatment of higher income groups cannot be sustained because the limits to such treatment have been almost reached. On the other hand, the future of taxation inevitably lies with excises, though most of them have now been stepped up before the large scope for deficit financing has been fully exploited. If the purpose of excise taxation was to emphasise its importance, it has now failed because of such premature enthusiasm in implementation. The Finance Minister has at last been faced with the fact that it is politically out of question to tax more at present standards of living. But it was not enough for Parliament to demonstrate this limitation; as a corollary, Parliament should have insisted on an active policy of investment under the Plan and sufficient expansion of the Plan to make such large-scale investment practicable. There was little to indicate that the members were quite clear in their mind about these aspects. Even if they were, it was concealed by their pre-occupation with the secondary issues of small magnitude.

On Sufferance or by Performance?

AMPLE evidence has come forth in the recent past which demonstrates that the new attitude towards the private sector is based on a lack of appreciation of its correct role in our economy. The trend of criticism levelled in the course of the general discussion on the budget was based on a tacit assumption that the private sector was allowed to exist on sufferance and its elimination was to be a mere matter of time. To this end economic policy was presumed to hasten its systematic and progressive liquidation. This attitude is directed against the dominant component of the sector represented by organized industry. Obviously it is the outcome of a misconceived interpretation of the Avadi resolution on the goal of socialism. That resolution indisputably rests on the premise of the co-existence of the two sectors, certainly for a considerable time to come. Since this distinct shift in attitude came to be adopted after Avadi, allegations of serious shortfalls in the performance of private industry to fulfil its targets in the first Five-Year Plan are gaining ground.

Irrespective of the genesis of the new attitude, the only effective way in which the private sector can remove misconceptions in regard to its genuine role is to demonstrate its value and utility by the eloquent testimony of its massive contribution to the development of the economy. In this task, primary responsibility devolves on industry to vindicate the claim of the sector to a legitimate status by proof of performance satisfying reasonable standards. For this purpose no standards can be more reasonable than the targets set for private industry in the current Plan. An assessment of its progress in the light of these targets becomes not merely relevant but crucial to its future role. Such an assessment cannot fail to establish the fundamental conclusion of substantial achievement in the first three years of the Plan and a reasonable promise during the rest of the period.

In financial terms, the picture is quite clear. Out of the total estimated investment of the order of Rs. 233 crores in fixed capital for new enterprise or expansion of existing ones, Rs. 116 crores have been allotted to three basic industries—iron and steel, petroleum refineries and aluminium. The balance of Rs. 117 crores has been allocated to certain other industries. In the first two years of the Plan, the rate of investment in private industry could not be pushed above Rs. 52 crores due to a marginal investment of Rs. 8 crores in the three big industries. The tempo of their investment, however, has been accelerated in subsequent years. The total outlay on new fixed capital in the first three years rose to Rs. 96 crores and on reasonable reckoning it is estimated to be pushed higher by Rs. 63 crores in the fourth year. It is least to be expected that the rate of investment would be spread evenly from year to year and while the factors governing the progress of investment must vary at different stages, it is easy to concede that the tempo would be heightened in the final phase. There should be no difficulty in absorbing an outlay of Rs. 74 crores in the last year of the Plan, leading to the full achievement of the prescribed targets.

In addition to this basic outlay of Rs. 233 crores on new fixed capital, investment on three other types of requirements—modernisation and replacement, working capital and current depreciation which is left uncovered by income-tax allowances—is calculated at a figure of Rs. 380 crores. The overall investment target for private industry works at an average annual rate of Rs. 120 crores. On the basis of certain acceptable indicators—imports of machinery, manufacture of indigenous machinery and equipment, normal requirements of working capital, and so forth—investment in the first three years can be put at a figure of Rs. 110 crores per year. The Federation of Indian Chambers of Commerce and Industry, in its brief memorandum on this issue, purposely chooses to err on the side of conservatism in this estimation of the outlay. Independent corroboration, however, is lent to it by the capital formation estimates of the Taxation Enquiry Commission. Certain relevant factors enter into the calculation of outlay incurred so far and expectations for the last two years. The programme for the forty-two private industries came to be incorporated as part of the Plan at a subsequent stage and investment in the private sector, like investment in the public sector, is presumed to gain momentum in the later stage. This consideration has specific application to the three major industries consuming 50 per cent of the outlay on fixed capital for the establishment of new enterprises or for expansion. The ultimate size of the outlay must contract in response to the decline in prices. The positive conclusion that presents itself is that the financial target will be overreached.

It is only logical to expect that investment of this order should be fully reflected in the expansion of installed capacity. Fulfilment of 50 per cent of the higher capacity targets in the first three years of the Plan may be accepted as a reasonable criterion of progress according to schedule and this is the criterion normally applied in the appraisal of the performance of the public sector. A large majority of private industries clearly satisfy this test. Cotton cloth and yarn, a wide range of chemical products, staple fibre, hurricane lanterns and automobiles are among the group of industries which have either reached or exceeded the 100 per cent target for the Plan period in three years. Besides the three major industries, certain others have disclosed a shortfall in expansion of capacity. These include primarily some engineering industries, electrical goods and a few other consumer goods industries. It is hardly necessary to seek individual explanations in view of the overall performance according to schedule. But the cases of aluminium, where expansion is held up due to inadequacy of additional supply of electricity consequent on delay in the public sector, and of vanaspati, where change in official policy was responsible for refusal of permission to start new units, illustrate the influence of extraneous factors. The targets of capacity are related mostly to single-shift working, but it is obvious that double-shift working (which is resorted to in certain enterprises) makes considerable difference in effective use of capacity.

The appraisal of progress as physically measured by the volume of production gives vital corroboration to the distinct trend of expansion conforming to the prescribed goals. The index of industrial production which shot up from 105 in 1950 to 145 in 1954 does not adequately reflect the growth of private industry in diverse spheres. The scheme of weightage and selection of industries makes for imperfect projection of the full measure of expansion in the index. It is quite easy to pick up specific instances of shortfalls. It cannot, however, be ignored that consumption is a potential cause responsible for pegging output at lower levels and already non-utilisation of a fair proportion of capacity in several engineering industries is engaging anxious attention for the past two years. But against the shortfalls must be set spectacular examples of excess of production above the targets and entry into new lines of basic production which are by no means small in number or magnitude. The integrated account offers convincing proof of sustained development.





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THE WEEK'S NOTES

YALTA LAID BARE

THE HITHERTO secret records of the World War II conference held 10 years ago at Yalta by the U.S., British and Soviet Heads of State, were public property last week. The documents contain little information that was not already known. Roosevelt and Churchill based their territorial concessions to the Soviet Union in the Far East on the unanimous calculation of their military leaders that it would take 18 months to defeat Japan after the European war ended, even with the help of the Soviet army and the atomic bomb. (Actually, the Soviet Union entered the war against Japan only a week or so before Japan surrendered).

In pressing for concessions, Stalin had argued that the Russian people would not be able to understand why the Soviets went to war with Japan unless he was able to show them that the Soviet Union would gain by it. The Soviets got the Kurile Islands and the southern half of Sakhalin Island and access to the port of Dairen, Manchuria. British and American negotiators based their decisions on the assumption that victory in World War II and stability after it depended on holding the war-time coalition together. The Soviets did not get all the concessions Stalin demanded. In particular, they did not get the concessions they sought in Turkey and Iran, or all the reparations they demanded from Germany. Churchill, Stalin and Roosevelt agreed on a division of Germany. In this connection, the papers reflect the intense feeling against Hitler-led Germany that existed as the Nazis made their last desperate effort to avoid defeat.

Stalin was completely cynical about the rights of small nations, and mocked at the idea that Albania—now a Soviet satellite—should have as much to say as one of the large nations. Stalin was openly scornful of the French, whom he accused of having opened their gates to the Germans and opposed arguments by both Churchill and Roosevelt for restoration of a free Poland. Stalin expressed himself as satisfied with the Lublin regime, but finally agreed with arguments of Churchill and Roosevelt that free elections should be held in Poland. The Western leaders accepted the Soviet pledge, which Moscow has never kept.

As an interesting sidelight to the main points covered, the Yalta documents show that Stalin at one point of the deliberations hailed U.S. lend-lease aid as a remarkable programme, without which victory over the Germans would have been delayed. The publication of these agreements was desirable because the world cannot for very long be misled by the secrecy of vital decisions reached among the Big Powers. It is clear that the publication is not very comfortable for the British, nor for the Democrats in the USA. Some unnecessary misunderstanding may be caused in France and in Germany, especially because an agreed version has not been published. A possible danger is that even in future high level talks, there may not be free and frank exchange of views. The world has changed since Yalta very much and it is good to establish that secret negotiations, which may be desirable for reaching understanding, do not remain secret for ever.

INDIA AND CAMBODIA

WITH THE expression of adherence by the Prince and Prime Minister of Cambodia to the Pancha Shila, the Five Principles of co-existence have gained fresh prestige. Immediately the value of the Cambodian Delegation's visit to New Delhi last week lies in the complete refutation of the news that the present king of Cambodia had India in mind when he spoke against foreign interference. The International Commission has now obtained clarification from the Cambodian authorities to the effect that neither in their public declarations nor in the Cambodian press was there any reference to the International Commission or any complaint regarding its activities. In their joint communique in New Delhi, the two Governments were reported to have agreed that the Geneva Agreements should be fully implemented and that every effort should be made to preserve and strengthen the independence of Cambodia and improve the condition of its people, especially through a progressive social and economic policy. In this, the two Governments might have deliberately wished to emphasise that the dangers of infiltration which are very large in these areas connot be met by military pacts.

The reaffirmation of the ancient historical connections and close cultural affinity between India and Cambodia and the expression of a determination to co-operate to the maximum extent in cultural matters must be regarded as the most significant achievement of the delegation's visit. Mr. Nehru's gift of a sapling from the Bodhi tree was a symbol of this new relationship for the future. But for a small country like Cambodia, there is much else that can be done by India with understanding. Prince Norodom Sihanouk Varman is young and is enthusiastic about providing the leadership in his country which might otherwise be absent or be strayed and misled into paths of doubtful expediency. He has been outspoken even in Delhi about the concentration of power in a privileged class in his country and the consequent exploitation of the rest of the people. He has renounced the throne in order to serve the people directly, without the fetters of the feudal system which has created the privileged groups. Cambodia has a very small population but success there, which is now possible, may serve as a beacon light to the rest of troubled Indo-China, where people have been confused by conflicting loyalties and do not even know what they want.

FROM GATT TO O.T.C.

AS EXPECTED, the achievements at the Conference of Contracting Parties to GATT at Geneva have not been spectacular. The life of the tariff schedules has been prolonged by two and a half years, until the end of 1957, thereby preserving stability of tariff concessions. Under the proposed revised Agreement, there will be a provision for automatic extension of the assured life of tariff schedules, with powers to enable Contracting Parties to seek authority to renegotiate bound rates of duty if necessity is felt for their modification. A clause will also be added to the effect that when a low duty is bound or a duty free-treatment is stabilised, it should in itself be regarded as a concession equivalent in value to a reduction of high duties. Hitherto, the low tariff countries were not in a position to offer reciprocal reductions against high tariff countries and suffered a consequent disadvantage. The procedure for the elimination of quantitative restrictions will not be stiffer than now but countries wishing to apply them will have to be more constantly on their defence. Firmer measures have been ruled out because the USA has refused to give up her rights under Section 22 of the Agricultural Adjustment Act. Actions taken under this section will hereafter be subject to review by the Contracting Parties and the USA has also agreed to consult the countries substantially interested in the restrictions imposed by her under this Act on imports.

A highlight of the revised GATT would be the special consideration sought to be shown to the eco-

nomic development of the underdeveloped countries—through protective tariffs as well as through quantitative restrictions. Such restrictions can be used either to protect balance of payments or to protect new industry where other methods of protection are not suitable. This meets the Indian case that in certain conditions where local production is insufficient to meet all needs and high tariff protection is not desirable, such restrictions are necessary. In this connection, the UK has obtained the right to give special assistance to her Colonies which depend largely on the UK market and whose industry or agriculture will need special benefits. There has been greater firmness in the attitude to export subsidies; they are not to be used at all in the field of primary products and in non-primary products no new or increased subsidies will be permitted. There are also warnings about the methods to be adopted in liquidating surplus agricultural products and in disposing of unwanted stocks of other commodities, which affect other suppliers adversely. The Organisation for Trade Co-operation, which is to take up the administration of these new codes of trading conduct, may, when it replaces GATT, sound better and acquire greater importance and prestige.

BRITISH POLICY ON NUCLEAR TESTS

THE ANSWERS to questions asked in the House of Commons this week, about nuclear-bomb tests and their genetic and other effects are interesting. Mr. Anthony Nutting, British Minister of State for Foreign Affairs, made the following points in reply. Experiments aimed at perfecting or improving the existing designs, or adding to the existing stocks, of nuclear weapons can be carried out without test explosions and experiments carried out without explosions would release little or no radio-activity. Referring to Sir Anthony Eden's statement in the Commons last week that "we cannot exclude the possibility of experiments being carried out without explosions", Mr. Nutting pointed out Sir Anthony did not say a nuclear weapon could be fully tested without an explosion. He also added that most of the information concerning the possible genetic effects of nuclear tests is not secret. There is already close collaboration between British and U.S. research workers, and constant exchange of information in this field.

The Foreign Secretary did not consider that a debate in the United Nations General Assembly at the present time on the effects of nuclear-bomb tests would advance our knowledge of these scientific questions. But he did not exclude exchanges of views with such other countries as may be ready and able to make a useful contribution. An agreed, balanced and comprehensive disarmament programme, which is the British Government's aim, would include the abolition of all nuclear weapons, and would thus eliminate test explosions. Mr. Nutting said that Britain was already receiving a great deal of information about the effects of nuclear explosions from the USA and under the agreement she was now negotiating she hoped to receive even more. There was also a very great deal of research going on in the United Kingdom at the moment by world medical authorities, including the World Medical Research Council.

According to the scientific advice available to him at the moment, Mr. Nutting said that there was no danger to human life or the reproduction of the human animal from any explosions which had taken place so far.

ACUTE FOOD PROBLEM IN EASTERN EUROPE

THE COMMUNIST regimes of all Soviet satellites have admitted serious shortages of food in recent weeks. In Soviet East Germany, workers last week protested to the Government "because they are not informed when the food supply deteriorates." 'Neues Deutschland', the Communist party paper in East Berlin, stated that "panic purchases are being made everywhere in the Soviet zone at present." The paper denied there was a general shortage of food, although it conceded that workers could not buy what they wanted in stores, and said there is not enough butter, milk and sugar available in stores. The Communist press has attempted the blame on food shortages, on hoarding and "the unreasonable behaviour of people." East Germany's Premier, Otto Grotewohl, however, admitted that lower harvest yields last year had caused "a slight change in the supply of several products."

Rumania's premier, Gheorghiu-Dej, said in a recent speech broadcast by Radio Bucharest that his country lacks grain, meat, potatoes, and sugar beets. Gheorghiu-Dej told a meeting of Rumanian farm officials that the production of wheat was still at a low level, and that the production of corn has affected cattle breeding, which in turn accounted for a shortage of meat. In Czechoslovakia a high party official, Michal Bakula, cited serious agricultural shortcomings, due to decline in area cultivated. Hungary, Poland and Rumania all have reversed their traditional role as grain-exporting countries under Communist rule. All three countries have imported considerable quantities of grain from the west in recent months.

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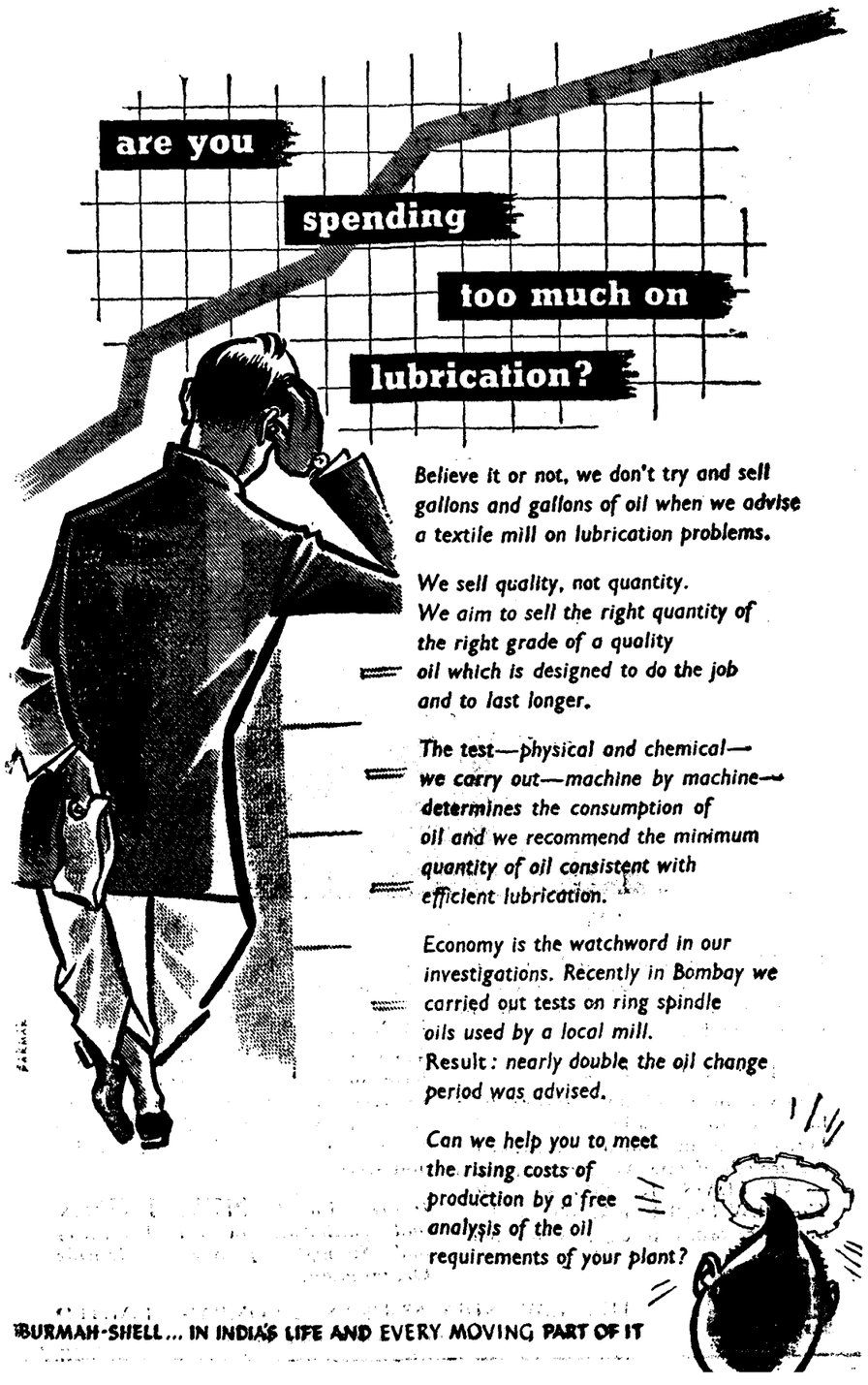
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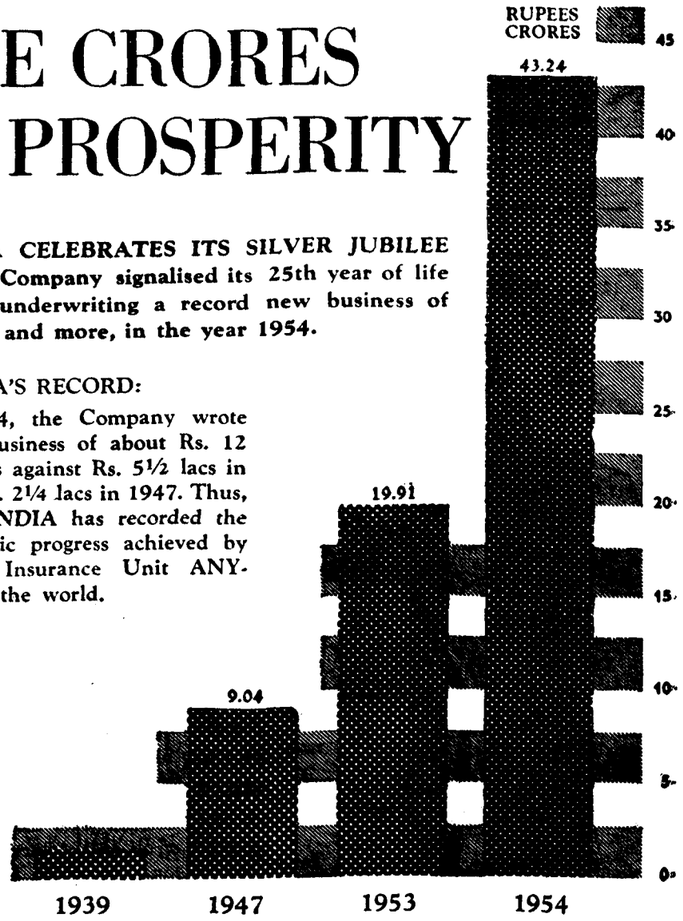


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WORLDGRAM

AGRICULTURE

Jamaica to Curtail Sugar Over-Production: The Jamaica Government is planning to limit the Colony's sugar output within the framework of the Commonwealth Sugar Agreement as part of the campaign against surplus production. The proposed restrictions will, if necessary, be legislated for, and steps taken suitably to employ land normally used for sugarcane production. The Colony's sugar crop is estimated at 364,000 tons, about the same as last year. The basic export quota under the Government is only 270,000 tons.

*

World Rice Supplies: The Commonwealth Economic Committee's latest Rice Bulletin reports that the early estimates for India and Pakistan show that the high rice acreages of 1953-54 have not been reached this year. The area under rice in Burma shows little change. Indonesia's crop is reported to be excellent, whilst that of the Philippines is expected to be reduced. Exports of rice from Thailand in 1954 continued downward since 1951; total consignments being 978,000 tons—some 353,000 tons less than in 1953. Of the total 59 per cent was shipped under government-to-government contracts, compared with 53 per cent of 1953 exports.

*

Indian Restrictions on Wheat Removed: The Government of India have decided to remove zonal restrictions in the country on the movement of wheat which was the only food grain whose movement was controlled. The State Governments and the trade are of the opinion that there may be sizable surpluses in parts of the country and the removal of restrictions will help prevent prices from falling. The purpose of the division of the country into three wheat zones was that (a) in view of the overall deficit in wheat, the highly deficit pockets, such as Bombay and Calcutta, should be cordoned off and supplied from imported stocks so that their demand did not push up internal prices, and (b) the markets of these two cities should be reserved for imported stocks in case India was called upon to take her full quota under the International Wheat Agreement. As a precautionary measure, imported wheat will continue to be released at Bombay and Calcutta at the present issue price of Rs. 13-8 per maund. The Government are considering the purchase of wheat at Rs. 10 per maund for specified periods in selected centres when the price declines below that level.

FINANCE

Canadian Expansion Plans for 1955: The Canadian Trade Department announces the planning, by the Government and industry, of a capital investment programme worth $5,808 million this year—6 per cent higher than the expansion programme expenditure during 1954 ($5,841 million in 1953). The forecast increase is entirely in construction, expenditure on machinery and equipment is expected to decline for the second consecutive year. Outlays on new housing are expected to rise 10 per cent to $1,283 million; and the mining industry to increase spending 24 per cent to $309 million. In addition to capital investment, some $2,033 million ($2,050 million in 1954) are expected to be spent on repairs of existing facilities. Altogether repair and capital outlays may total $7,841 million ($7,548 million in 1954 and $7,939 million in 1953).

*

Lower Taxation in the Netherlands: Tax-cuts amounting to Fls. 500 million or about 10 per cent of total tax revenue have been submitted to the Parliament of the Netherlands. The proposals include (i) raising of tax-free minimum for income-tax, (ii) lowering of the progressive scales in income-tax—rates of the highest income groups reduced 6-8 per cent, and other groups between 8-17 per cent, (iii) raising of the tax-free minimum of the property tax from Fls. 15,000 to Fls. 30,000, (iv) reduction of companies tax from 42½-46 to 40-43 per cent, (3) reduction in death duties, (vi) reduction in turn-over tax for some items (textiles, margarine, edible oils, etc.) (vii) cut in the motor vehicles tax, and (viii) rents for middle-class houses will be raised 5 per cent, and those on more expensive properties by 10 per cent.

*

Italian 10-Year Development Plan: A 10-Year Development Plan for Italy is being considered by a working party of the OEEC under the chairmanship of Sir Hugh Ellis-Rees, head of the U.K. delegation. The Plan has its main objective the creation of 4 million jobs by 1955-64. This implies increases of 1.55 million in industry; 1.65 million in other non-agricultural employment and a fall of 0.9 million in the agricultural employment. The expansion of production to provide full employment of 1.7 million persons who will become unemployed within ten years if productivity rises without a corresponding increase in total output, is being considered. With the fulfilment of this objective, Italy will have eliminated under-employment and reduced unemployment to about 3½ per cent of the country's labour force. The programme will require an estimated average annual investment of 5 per cent of the total gross national product.

*

Restriction on Premium Rates of Insurance Companies in India: The Executive Committee of the Life Insurance Council in India has not limited the reductions in premium rates but has placed certain restrictions in the way of Insurance Companies before they are able to effect any reduction in their rates. This was done in order to avoid any sudden dislocation in the insurance business caused by a possible rate war between the companies. The Executive Committee's function is to aid and advise the insurance companies and therefore precludes any question of Government approving the decision.

*

£63 Million for Gold Coast Development: A sum of £63 million is to be spent on development in the Gold Coast by the first all-African Government in its first year of operation. Of this amount, £20 million will be spent on such major developments as the Volta River Project, and £4 million on the Tema harbour. The total value of exports from the area rose last year by 75 per cent. Exports to the United Kingdom increased, and those to the United States fell because of reduced exports of cocoa, manganese and timber. Exports of gold, bauxite and logs to the United Kingdom had risen, though there was a slight fall in diamond exports. Export duties on cocoa accounted for £13 million of the total revenues.

*

Oil Survey in West Bengal: The Government of India will pay compensation for any necessary damage done to the standing crops in the 10,000 square miles of land where the Standard Vacuum Oil Company has undertaken a Seismic reconnaissance survey in West Bengal. The Company at present, in pursuance of an agreement with the Government of India, is surveying the area for exploring the possibilities of mineral oil. Digging or boring into the sub-soil is only part of the survey, and the Government has not acquired the land. The question of acquiring the land will arise only after the survey has indicated possibilities of oil in the area.

INDUSTRY

North Rhodesian Mineral Output: The total value of Northern Rhodesia's mineral production for 1954 establishes a new record at £97.51 million, exceeding the 1953 total by over £2.5 million. The principal outputs in 1954 were: blister copper 204,975 tons; electrolytic copper 173,636 tons; zinc 26,550 tons; lead 15,000 tons; cobalt 11,762 cwts. and cobalt alloy (39.5 per cent cobalt) 21,267 cwt. Refinery slimes recoveries of gold, silver and selenium added £27,280 sterling to the 1954 total.

*

Consumption of Primary Aluminium: The growing uses for primary aluminium in major consuming countries is indicated in the table below (in thousand metric tons):

Country	1954 (Estimated)	1953	1950
Germany	120	103	50
U.K.	220	183	184
Japan	48	38	19
U.S.A.	1,360	1,380	815
France	99	74	44
Russia	300	280	215
Italy	50	47	43
Switzerland	24	22	12

*

US Lead Consumption Declines: According to the Bureau of Mines, US lead consumption during 1954 declined some 9 per cent to 1.095 million (short) tons. Supplies from all sources totalled approximately 1.24 million tons; and consisted of 317,000 tons from domestic mine production (7 per cent decline), 443,000 tons from secondary recovery and 443,000 tons from imports. Low production in 1954 was the outgrowth of production cutbacks and mine closings effected in 1952 and 1953 following substantial price reductions for lead and zinc, which are generally co-products of the same mines. Total world output is estimated to have risen over 1953 to establish a new record.

*

World Tin-Plate Production: The International Tin Study Group reports the following figures for world tin-plate production and the break-up by some major producing countries (in '000 tons):

Country	1954	1953	Per cent gain
U.S.A.	4,453	4,269	4.3
U.K.	795	699	13.7
France	238	192	24.3
West Germany	225	140	60.3
Canada	214	213	0.4
Japan	145	112	29.6
India	66	57	15.4
Belgium	61	33	83.2
WORLD	6,438	5,969	7.9

*

European Steel Production During 1954: European steel production during 1954 broke all previous records, in spite of slight decreases recorded by Western Germany, France, Luxembourg, the Saar and Hungary over their previous best years. Total production of crude steel was 81.82 million metric tons compared with 75,257 million tons in 1953: (excluding 41 million tons in the USSR last year). Austria recorded an increase of 29 per cent, Spain 23 per cent; Italy 19 per cent and Yugoslavia 17 per cent. The largest absolute rise was recorded by West Germany with over 2 million tons and the UK with almost 1 million tons. US steel output at 80 million tons was 21 million tons below the 1953 record level.

*

World Aluminium Production: The total world aluminium production and the split up of figures by main producers is outlined in the table below (in thousand metric tons):

Country	1954 (Estimated)	1953	1950
Austria	48	45	18
Canada	500	495	360
France	120	112	61
West Germany	130	100	28
Italy	54	53	37
Norway	75	56	47
USSR	300	250	209
UK	31	30	30
USA	1,300	1,135	652
Japan	60	45	25
World Total	2,800	2,452	1,515

TRADE

World Wool Consumption in 1954: According to the Commonwealth Economic Committee's Wool Intelligence, world wool consumption during 1954 is estimated at some 2,500 million lb. clean, or about 4 per cent less than in 1953. The combined consumption of the UK, USA, France, West Germany, Italy, Japan, Belgium, Australia, Canada, Holland and Sweden is estimated to have fallen from 1,851 million to 1,672 million lb. 'Other countries', however, show an increase from 790 million to 860 million lb. Most of this is ascribed to increased Russian consumption, shown both by the larger imports and the greater domestic clip. The main reduction was in the USA, where consumption fell by nearly 25 per cent over 1953, followed by Japan with a fall of 13 per cent. The UK, Germany, Italy and Belgium recorded smaller decreases.

*

Export of Tobacco From India: During the last quarter of 1954, over 16 million lb. of manufactured and unmanufactured tobacco was exported to the UK, Japan and China. An Export Promotion Council for tobacco is being established and tobacco is being included in the export schedules of trade agreements with foreign countries. The Trade Delegation, which was sent to Thailand, Japan, Hongkong, China and Singapore in July, 1954 arranged for the sale of 4.5 million lb. of Indian tobacco. As a result of the trade agreement with China, an arrangement for the sale of about 9 million lb. of tobacco to China against the import of raw silk from that country had been concluded; and further negotiations for the sale of additional quantities of low-grade tobacco to China are being conducted. Considerable propaganda is being done in foreign markets through Government's Trade Representatives abroad, and special Tobacco Officers have been appointed in London and Antwerp.

*

Indo-Austrian Trade Agreement Extended: Recent discussions in Geneva between representatives of the Government of India and the Austrian Federal Government have resulted in the extension of the Trade Agreement between the two countries up to June 30, 1955. The Trade Agreement was originally signed on December 7, 1952, for two years ending June 30, 1954. It was last extended in May 1954 to be valid until December 31, 1954. In terms of the extended agreement the Austrian Federal Government has agreed freely to license for importation into Austria from India, its castor oil, coir, coir yarn, fibres for brushes and brooms, handicrafts manufactured of ivory, brass, horn and brocade, iron ore, linseed oil, manganese ore, mica, myrobolans, shellac, spices, cashewnuts and tanned leather (cow, buffalo, kid and goat). The Austrian Federal Government has also agreed to consider favourably applications for import from India of cotton piecegoods, carpets (hand-manufactured) and coir manufactures other than coir yarn.

NEWS IN BRIEF

INDIAN

The Government of India is reported to have decided to set up a plant for the treatment of uranium ore at Takshilla in Bihar. Low grade uranium deposits exist in the States of Madras, Bihar and Orissa. The plant is being set up near one of these deposits.

*

Nearly 40,000 foreign tourists visited India during 1954—9,680 Americans, 8,707 Pakistanis, 7,919 British, 3,095 Ceylonese and 1,199 French. India's earnings of foreign exchange from foreign tourists during 1952-53 are estimated at Rs. 2.5 crores.

*

The Geological Division of the Damodar Valley Corporation have during their search and field work in 1953, discovered the location of gold in the Bihar Tertiary Gravel belt.

*

Till the end of December, 1954, the Rehabilitation Finance Administration disbursed about Rs. 924.93 lakhs. Over 77,000 applications were received up to the end of 1954, of which 16,524 applications were sanctioned involving about Rs. 1,277.58 lakhs.

*

The Government of India have reconstituted the Tungabhadra Board. The Board will deal with all matters relating to work on the Tungabhadra project common to the Andhra and Mysore States, but will not be concerned with works in which only one State is interested.

*

The annual requirements of dye-stuffs in the country according to current industrial needs are estimated at 22 million pounds. At the end of 1954, the total production capacity of units with purely Indian capital was about 1,187,500 lbs. of dye-stuffs.

*

It is officially announced that the amount invested under the Women's Small Savings Scheme up to February 10, 1955, is Rs. 147.17 lakhs. The Scheme was launched in March, 1953.

*

The Indian Delegation to the 19th Regular Session of the Economic and Social Council of the United Nations scheduled to be held at New York from March 29 to April 15, 1955, consists of a Representative, two Alternate Representatives and an Adviser-Secretary.

*

A sum of Rs. 85 lakhs representing 50 per cent of total expenditure had been paid by the Centre to Bihar State towards free distribution of food and other essential articles until the end of 1954. An additional Rs. 11.5 lakhs has been paid out of the Prime Minister's National Relief Fund.

*

The Government of India have applied with immediate effect, the Forward Contracts (Regulation) Act, 1952, to various oilseeds and oils. Applications from Associations dealing with rape-seed and mustard and mustard oil and desirous of being recognised for the purpose of this Act, have been invited.

*

The total expenditure incurred by the Government under the National Extension Service Scheme up to the end of September, 1954, amounts to Rs. 124 lakhs. The amount proposed to be spent in the next two years is Rs. 1,743 lakhs in respect of 1953-54 allotment.

*

Two firms in India assemble tractors from imported parts. Detailed manufacturing programmes are shortly to be submitted to Government. There are already more than 60 organised factories in the field of agricultural implements other than tractor-drawn.

FOREIGN

A Government-sponsored revision of the Turkish oil law is to permit foreign companies participating in the exploitation of petroleum resources, higher profit shares and more convenient transfer facilities. This measure is intended to encourage foreign capital investment and the mining of oil.

*

The Pakistan Government is reported to have finally closed the open general licences charter to textile traders. The Government will not do any barter trade in future, and controls from consumer goods are expected to be withdrawn. Control over prices and distribution of cloth, however, will remain for some time.

*

The Bankers Trust Company in a study forecasts a rise of demand for investment funds in the U.S. to record heights during 1955. The analysis states that investment demands are unlikely to be satisfied with the conditions of 1954 and that an upward pressure on long-term interest rates is likely.

*

The Greek Government is planning new measures to encourage the growth and production of cotton. Credits and loans for seeds, chemical pest controls, fertilisers and increased mechanisation are expected to raise the crop from 40,000 to 50,000 tons.

*

Scientists from more than 60 U.N. States and territories including India are expected to attend an eight-day meeting of experts on arid land development beginning at Albuquerque, New Mexico, on April 26. The meeting is sponsored amongst others by UNESCO and the Rockefeller Institute.

*

The 39th Swiss Industries Fair will be held at Based between April 16 and 26, 1955. A large number of industries interested in export business, and including the watch, textile, footwear and leather goods, electrical goods and machinery in general, and the machine tool industries are associated with the Fair.

*

Of particularly great significance to the countries of South-East Asia is the anniversary of the coming into force of the Constitution of the World Health Organisation on April 7, 1948. This day is observed each year as World Health Day in most of the 80-odd member countries of WHO.

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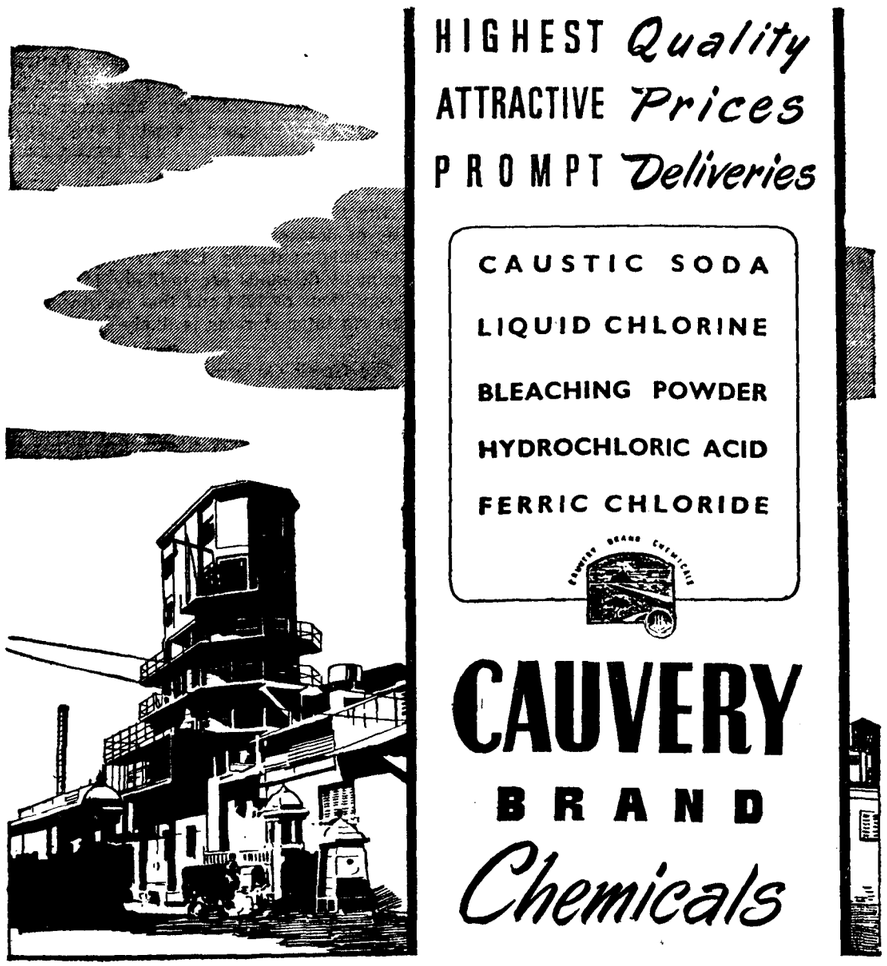
A £8.5 million loan from IBRD to the East Africa High Commission will be used by the East African Railways and Harbours Administration to help Finance the modernisation and expansion of transport and communications in Kenya, Uganda and Tanganyika. These schemes form part of a post-war £60 million development programme.

*

According to ICAO the world's scheduled airlines set a safety record during 1954. The fatality record rate for 1954 was 1.33 (1.35 in 1953 and 1.75 in 1952) per 100 million passenger-miles, based on a total of 427 deaths and a total of 32,000 million passenger-miles flown.

*

The Tanganyika Agricultural Corporation, an organisation to continue the work of the Overseas Food Corporation, will operate in areas taken over from the O.F.C., and will be financed for this purpose until September 1957 by a Colonial Development and Welfare grant.



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POWER AND FOREIGN POLICY

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A NATION MUST LIVE within its income. If over the years it persists in spending more than it earns, the ruin of its middle class leadership by inflation, and the distortion of its economy to the point of disaster, will overtake it. That this is not one of those theoretical propositions that never really touch the lives of ordinary men is illustrated by the example of France, for the incipient bankruptcy of France's finances ever since World War I has been an important factor in the decline of her influence. Yet to suggest that it is just as important for survival that a nation should maintain solvency in its foreign policy is likely to be met with stares of incomprehension. The proposition is, however, not a metaphor but a fact.

Just as financial policy involves commitments to spend money so foreign policy involves commitments to spend power.

A "foreign commitment" is an obligation outside the national frontiers which may in the ultimate analysis have to be upheld by war. "Power" is the mobilisation of sufficient financial, industrial, and military resources, either to preclude the necessity of fighting, or to win the war if circumstances beyond national control bring it about. "Sufficient" power not only includes national resources but also financial, industrial, and military aid obtainable from friendly nations with common interests.

In his tightly packed booklet, "U.S. Foreign Policy" (Little, Brown & Co.), the American publicist, Walter Lippmann, outlines his thesis, and mine, thus: A foreign policy consists in bringing into balance, with a comfortable surplus of power in reserve, the nation's commitments and its power. The constant pre-occupation of the true statesman is to achieve and maintain this balance. Having determined what foreign commitments are vitally necessary to his people, he will not rest until he has mustered the force to cover them. In assaying the ideals, interests, and ambitions which are to be asserted abroad, his measure of their reality will be the force that he can muster at home combined with the support that he can find abroad among other nations which have similar ideals, interests, and ambitions. For nations, as for families, the level may vary at which a solvent balance is struck. If its expenditures are safely within its assured means, a family may be solvent when it is poor, or when it is well to do, or when it is rich. This is true of nations. The statesman of a strong country may balance its commitments at a high or at a low level. But whether he is conducting the affairs of the U.S.S.R. with dreams of expansion, or of India which seeks only to hold what it already has, he must still balance his aims and means. History is full of examples of statesmen who have led their countries to disaster by ignoring these facts.

AN UNINFORMED PUBLIC OPINION

It may throw light on our own foreign policy if we glance at American history since 1823, in which year Monroe warned Spain, France, Russia, and Austria, against interfering with the affairs of North and South America. Although Monroe chose to issue this warning over America's signature alone, he was no fool and he was careful not to undertake the commitment until he had received definite assurances from George Canning, the British Foreign Secretary, that the British navy would support the U.S.A. Unfortunately for the education of U.S. public opinion in the truth of the proposition that commitments must be balanced by adequate power, these British assurances, which cleared the way for the promulgation of the Monroe doctrine, were not revealed in public. Monroe was well aware that if you have not sufficient power to carry out a commitment, it is necessary to find allies, for he had lived through the war of American independence, and therefore belonged to a generation which had not forgotten that although the Americans themselves made a real contribution to the cause of their own freedom, they might easily have lost the war if they had not had active support from France, Spain, Holland, and Russia, which all combined to obstruct the full use of Britain's sea-power, which had not yet the world supremacy that it attained during the Napoleonic wars.

But later generations of Americans arose who enjoyed seventy-five years of peace and prosperous internal development, in the course of which they forgot their indebtedness to foreign allies. And because the British sanction that powered the Monroe doctrine was concealed, and, as Walter Lippmann observes, was displeasing to American self-esteem, they began to lecture the Europeans on their "immoral" policies towards Poland, Hungary, or Ireland, and came to believe that the Monroe obligation to protect North and South America, and indeed any other obligation that they chose to undertake, could be handled with ease by themselves, alone and unaided.

POWERLESS TO INFLUENCE

Misunderstanding what a foreign policy involved, the Americans began to increase their commitments far beyond the limits of the Monroe doctrine. They negotiated extra-territorial rights in Chinese ports; they insisted on trading rights in Japan; in 1867, they took the incalculable step of buying Alaska from Russia, which brought the U.S. frontier within a few miles of Russia and a few hundred miles of Japan. They annexed the Hawaiian and other Pacific isles; they forced the cession of the Philippines from Spain. These additional obligations committed the U.S.A. to the defence of a wide territory 7,000 miles west of California, but only 700 miles from China, 250 from Formosa, and 1,700 from Yokohama. Lippmann points out that a circle with Manila as its centre and a radius of 1,500 miles, encloses Japan's industrial region, all Korea, practically all of China proper, Indo-China, and Indonesia. Thus, by acquiring the Philippines, the U.S.A. placed itself in the geographical centre of eastern Asia's empires and at the strategic crossroads of their lines of communication. By the twentieth century, the U.S.A.'s foreign commitments which could be carried out only by sufficient American and allied power to prevent war, or alternatively to win it, had been extended in the Atlantic from Greenland to the Argentine, and eventually over the whole Pacific, and beyond, as World War II showed, when the U.S.A. found itself committed to aiding China against Japan.

This vast commitment had been made as far back as February, 1899, eighteen years before the U.S.A. was by the lack of any policy forced into World War I and forty-two years before she was forced into World War II.

Wilson was the first U.S. President who was made painfully aware of the gap between America's liabilities and her assets. He was the embodiment of that characteristic American idealism which (until they learnt their lesson the hard way in two world wars for which they were psychologically and materially unprepared) prompted Americans, on the one hand, to make moral gestures and resounding commitments and, on the other, to shrink from the armaments and/or allies necessary to uphold those commitments.

Because of the fog that enveloped the realities of their foreign policy, the U.S.A. entered World War I in April, 1917, for reasons that were never willingly, nor accurately, admitted, and never clearly understood. One of the sentiments that America shares with India, and with most of the democracies, is that there is something morally disgraceful in stating that you will fight to defend national interests. It is, however, considered respectable to fight for abstract principles of justice, morality, or humanity. This was why in 1917 Wilson thought it politically unsafe to admit that he deemed it essential that the U.S.A. should fight Germany because the rate of German submarine sinkings threatened to cut Britain's communications with the U.S.A., which would mean the starvation of Britain and the conquest of western Europe by Germany, leaving the U.S.A. to face alone a concentration of industrial and military power which was too strong for her. Instead, Wilson thought his countrymen would be better rallied to war by a general moral condemnation of unrestricted submarine warfare as lawless and cruel aggression, supported by a selection of legal points on international law to show that the war was just and legal.

Because Wilson never made it clear that the U.S.A. went to war for its own self-survival, average Americans never realised what was at stake and were thus laid wide open to every interested insinuation that the U.S.A. had been manoeuvred into a war between wicked Europeans by international bankers and suave British diplomats. And precisely because average Americans never understood their vital interest in the 1918 victory, Wilson could not persuade them that they had any interest in upholding the League of Nations. It seemed to them that they were being asked to help to enforce the peace of distant, quarrelsome Europe. They did not see that their own survival was bound up with that of British and French power which, as World War II showed, was a vital support to America's commitments in the Atlantic, and right across the Pacific to the heart of China. From 1918 until she was forced into the war by the Japanese destruction of her fleet in Pearl Harbour in 1941, the U.S.A. exercised virtually no influence on the course of world affairs. She made no attempt to strike a balance between her commitments and her power, and so use her power to prevent war. I am aware that the U.S.A. frequently urged peace on Germany, Italy, and Japan, but sermons unsupported by sanctions arouse little respect. Nor did America's isolationists draw the moral of their policy and urge that America's commitments be revoked, that the Monroe doctrine be scrapped, that the Philippines should not be defended, and that Japan should be allowed to dismember China. On the contrary, they clung to all these commitments but opposed the alliances without which, the course of events was to show, the U.S.A. could not uphold them.

Have we anything to learn from America's experiments in sermons without sanctions and commitments without allies?

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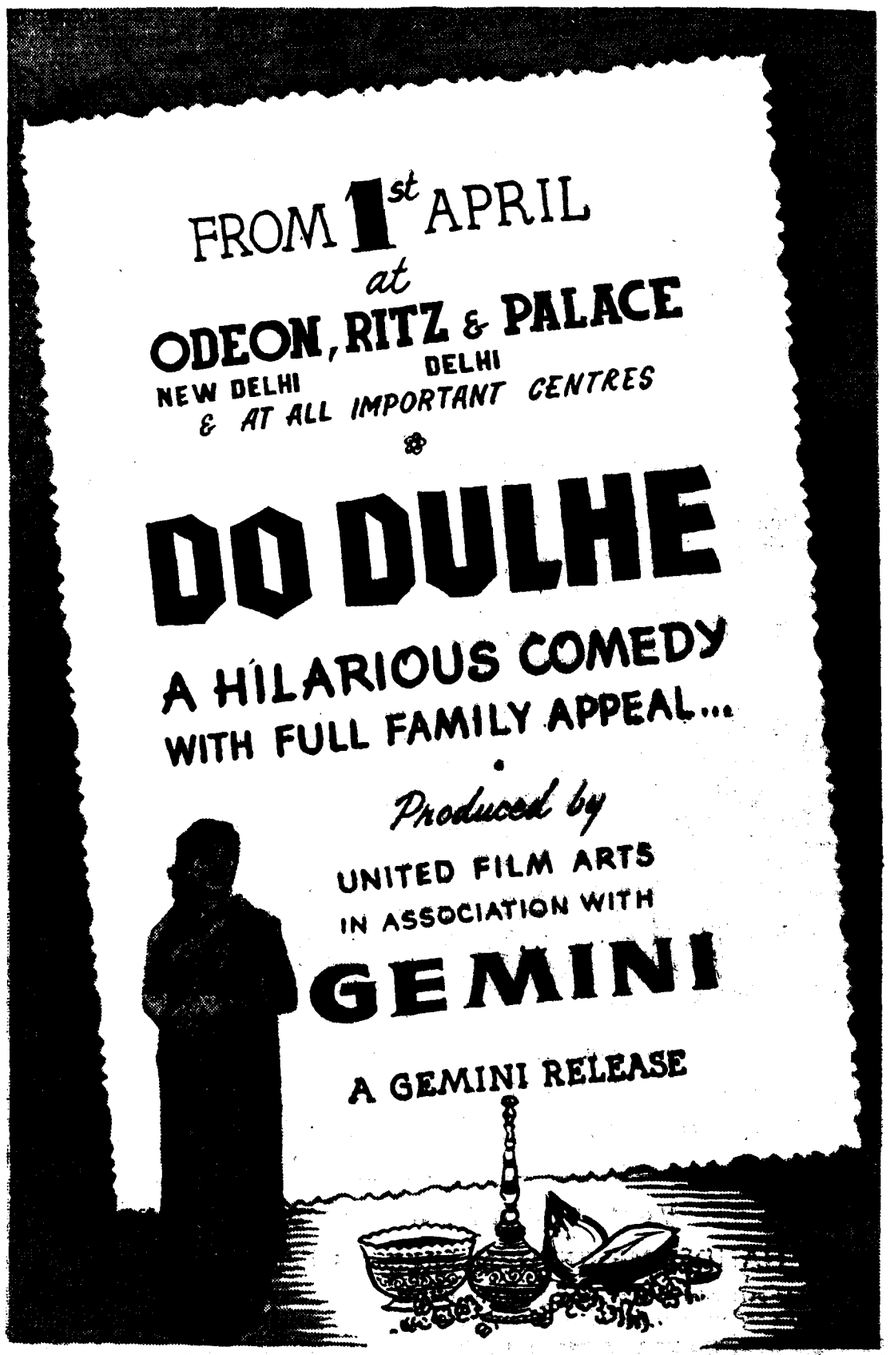
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DOLDRUMS BEFORE SUMMER?

THE Ides of March have come and gone. There has been no dramatic event which is connected with their coming and going. It would not, however, be a bad thing for something of dramatic interest to happen with a bang at this time of the year when the spirits sag at the approach of summer. At the moment, life in Delhi seems to be moving more and more to a lower level of existence. Both Houses of Parliament have failed to provide any exception in the last week. There was, indeed, some interest in the Finance Minister's reply to the budget debate but I regret to say this interest was almost entirely confined to the announcements of tax concessions and did not depend on the principles on which the budget was framed. I thought the Finance Minister made a very good showing in his reply, particularly in his defence of support to the private sector. This was the only speech throughout the week which held the interest of the Press Gallery and, I believe, of the entire House. There is a drop of interest in parliamentary proceedings; speakers seem to be losing interest in their own speeches which I take to be the result of the frustration that many Members of Parliament feel. They know that policy is made outside Parliament and their chances of influencing it are negligible. They tend more and more to strive only for the good report in the Press. Far be it from me to decry the Press, but I can see worthier objects of attention!

SONS-IN-LAW

In the Rajya Sabha, Mr. Pataskar's motion to refer the Hindu Succession Bill to a joint select committee has been debated day in and day out. As is only to be expected, women have been prominent in this debate. They have all (let me say gallantly!) distinguished themselves. I make special note (hoping the comparison will not be odious!) of Mrs. Lakshmi Menon, Mrs. Pushplata Das and Mrs. Sharda Bhargava. I must confess that at times I have not always followed the argument. Thus, on Thursday, Mrs. Pushplata Das (concluding her overnight speech) said that there need not be any fear of a son-in-law's interfering in the affairs of his father-in-law's house if an equal share of property were given to the daughter. Society, she said, was governed by certain conventions, and it was "derogatory" for the son-in-law to be in the father-in-law's house for more than two or three days. I am myself a son-in-law with, I hope, a due measure of self-respect. I cannot say, however, that I have found residence in my wife's house "derogatory" nor can I pretend that I do not desire to exploit favourably any opportunities which the law will place in the hands of my wife. Are not our women members of the Rajya Sabha a little romantic about sons-in-law? We, sons-in-law, like the respect that is being shown us, but feel a little unhappy at the prospect of having to live up to these high feminine expectations!

ENTENTE CORDIALE

The Prime Minister of Burma, U Nu, is arriving today and rumours in Delhi suggest that this is a more significant visit than any that he has made. It is known that Burma and India are moving much more in step in foreign policy than they have ever previously done. On the other hand, it is no secret that there are differences in regard to economic policy, particularly on the price of rice, which have to be resolved. It is significant that on this occasion Mr. Raschid, Minister for Trade and Industry, is accompanying the Burmese Prime Minister.

The fortune of nations apparently is as fickle as that of individuals. Not so very long ago Burmese rice could be priced at any figure and we had to take it or leave it, so to speak, on Burma's terms. The wheel has now come full circle, and Burmese rice is in abundance and buyers are quite scarce. It is sincerely hoped that bygones will be treated as bygones on this occasion and that our cordial relations with Burma will weigh somewhat in the (unequal!) scales.

Apart from the question of the price of Burmese rice and the probable losses likely to be sustained in selling it in India, a vital consideration for the Government of India in future rice deals would be the effect on internal prices of additions to the stocks which nature's bounty has created within the country. On the other hand, the Government of Burma has in recent years derived slightly less than 40 per cent of her revenue from the rice export trade and cannot easily adjust itself to a fall in this income. Both Governments have to devise a formula which takes account of these problems and all I can say is that Mr. Raschid has no easy time ahead for him here. There is assurance, however, that whatever assistance India is able to give to Burma will be fully repaid next month when Mr. Nehru will get the good drenching promised him at the water festival! Since it is the Burmese belief that those who get drenched on New Year's eve enjoy peace and happiness throughout the following year, this contribution to the area of peace would indeed be a welcome recompense!

A "SECURITY PAPER" MILL

There has emerged this week news of what is called a "Security Paper" Mill. Security paper, as I have discovered as a result of profound researches quickly made on the subject, is the paper on which currency notes are printed. I believe Government securities are also printed on the same paper and that is why this paper is so called. Or is it because this security paper must always be kept under lock and key? At any rate I look upon the new Rs. 2½-crore project as an indication that deficit financing is going to be used on a greatly enhanced scale!

Reports say that there has been a large increase in note circulation in India since the last war, and that the Government's requirements for security paper have considerably increased. Looking at my (fallible!) statistics, I cannot see that this is the case. After the separation of Pakistan, our note circulation has diminished and not increased. I take it, therefore, that the new project is concerned not with present needs but with some benevolent intention which the Finance Minister has in mind. May this wonderful purchasing power be a source of genuine, and not imaginary, prosperity; alas, increased security paper in my hands in the last few years has been all-too-misleading!

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United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,392.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,355,289.49

LIABILITIES

Capital	$ 150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,455,800.10	
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$ 4,192,260,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		278,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,355,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES

Cash and Due from Banks	$ 55,983,847.06
United States Government Obligations, direct and fully guaranteed	29,288,444.50
Other Securities	47,976.63
Loans and Discounts	56,919,157.08
Accrued Interest	334,154.75
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,579,141.88
Other Resources	397,641.63
TOTAL RESOURCES	$188,406,334.06

LIABILITIES

Capital	$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	943,355.55
TOTAL CAPITAL FUNDS	$ 13,943,355.55
Reserve for Possible Loan Losses	807,299.44
Deposits	136,356,914.27
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills and Notes	46,722,451.61
Reserve for Interest Received in Advance	231,610.99
Reserve for Interest, Taxes, etc.	352,463.96
TOTAL LIABILITIES	$188,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

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Special Articles

"LEVELLING UP" IN THE UNITED STATES

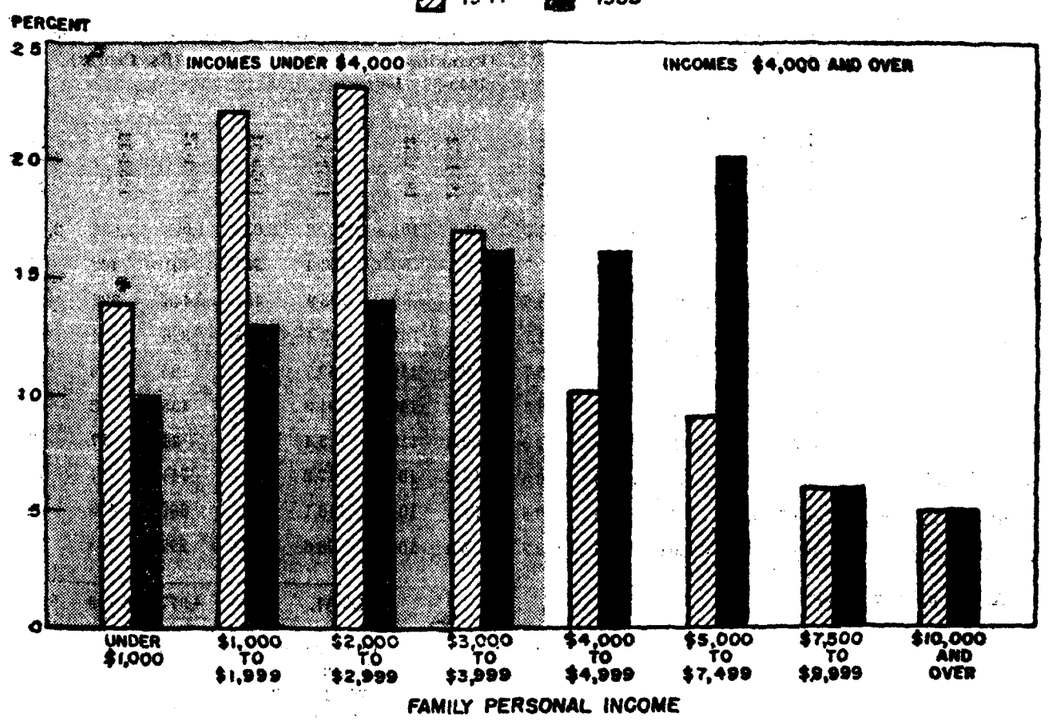
PRIVATE enterprise is still under a cloud of suspicion in this country. This is surprising, because so much of the little industrial progress we have achieved is due to private enterprise. Indeed, its achievements were won in the face of opposition from a hostile and foreign government which was by no means anxious to aid and foster Indian trade and industry. But this story is now forgotten. People have somehow come to believe that patriotism is synonymous with crying down large-scale industries and industrialists and singing the praises of small-scale industries and exalting the virtues of State-ownership and State-control. The phrase "Welfare State" is often made to do duty for sound economic reasoning. If someone has the temerity to argue that free enterprise can achieve just those results that the Socialist and Welfare State enthusiasts have in mind, he is put down as a crank or an ante-deluvian thinker who has not read history sufficiently well to realise that free enterprise is as dead as a door-nail, that it has outlived its utility.

The growth and development of the American economy ought certainly to be a matter of the greatest possible interest to India at the present time. This story interests everyone because this economy forms the basis of the strength of the free world. It is, however, of particular interest to this country, for the U.S. achieved—even as India seeks to achieve—a high level of economic prosperity raising in the process the lower income groups far more than they have added riches to the privileged classes.

There are many books which describe different aspects of this story. Only one is here suggested. It is unlikely that one could get a more readable account than in 'The Big Change' by Frederick Lewis Allen, published by Harper & Brothers, New York ($3.50). But the bare facts on the levelling up process between 1947 and 1953 are more eloquent than books on America's economic history. It is this current performance rather than the long period which needs to be appreciated. A "socialistic pattern of society" is being produced in the most capitalist country in the world. It is true the process of levelling up has been a long period one, but against the long period story there should be set a story of the movement of incomes in the years between 1947 and 1953. A social revolution of great magnitude has been in operation in these years and some indications of what has happened to the lower income brackets are to be found in the graph which is set below. More particularly the proportion of U.S. non-farm families having incomes ranging between $3,000 to $7,500 a year, before taxes, has risen from 36 per cent in 1947 to 52 per cent in 1953, while the proportion of families with incomes under $3,000 has shrunk from 59 per cent in 1947 to 37 per cent in 1953. Secondly the average U.S. family's living standards have risen one-third in the last 25 years, as measured in terms of real income (income after adjustment for taxes and price changes).

The factor which has been mainly responsible for the improvement in the lower income brackets in the United States is the rise of output per man-hour. This

FAMILY PERSONAL INCOME IN UNITED STATES, 1947 AND 1953



has increased at an average annual compound rate since 1929 of between 2 and 3 per cent with the average productivity increase in recent post-war years considerably higher than the twenty-five-year average. The other major factor in producing equality has risen from high personal taxation and thus the problem of inequality has been made by pressure at both ends. It is obvious, however, that the upward pressure from below has been far more significant than the downward pressure from above. This is a most significant fact which we in India tend too often to ignore. The real instrument of the "socialistic pattern of society" is an increase in productivity with larger employment all round.

AGRICULTURAL INCOME IN THE INDIAN UNION

1950-51 TO 1953-54

THE turn in agricultural prices attaches special interest to a question which, by and large, has been left unanswered. The volume of purchasing power has been raised in the agricultural sector of the Indian economy as a result of the rise in agricultural production between the years 1950-51 and 1953-54. In the Planning Commission index of agricultural production, the base of which is 1949-50=100, the index of food articles rose from 95.6 in 1950-51 to 113.5 in 1953-54, a rise of 18 points. This rise is not fully reflected in agricultural income because the prices in 1953-54 and in the intervening years were lower than in 1950-51. The table below shows the index of agricultural production, the index of wholesale prices and agricultural income in crores computed from these figures for four consecutive years. The total figure includes cereals, pulses, oilseeds, sugarcane, cotton, jute, tea, fruits and other groups, and 'miscellaneous'.

It will be seen that agricultural income computed at Rs. 4,866 crores for 1950-51 was estimated to have risen to Rs. 5,339 crores in 1953-54. In the two preceding years, 1951-52 and 1952-53, there was no significant rise. The figure for 1951-52 is computed at Rs. 111 crores above 1950-51 and the figures for 1952-53 about the same quantity below it. In other words, 1951-52 represents the mean between the three years. On the other hand, in the year 1953-54 there was an improvement of about Rs. 580 crores over 1952-53 and about Rs. 470 crores above that of 1950-51.

This is so significant a figure that it is interesting to see where it accrued. Much of the greater portion of it was to be found in the cereal section; here it is impossible to assume that most of it or even a very large fraction of it was translated into money terms. Prima facie, the indications are that the volume of cereals sold in the markets in the calender year 1954 was not exceptionally larger than in previous years except possibly for pulses where there was a steep fall in prices. Average prices of cereals were higher in 1953-54 than they were in 1952-53. What would appear to be significant in these figures is that a rise of as much as Rs. 583 crores in agricultural income had a relatively small impact on the trend of wholesale prices. This may be because of the fact that incentives were increased in the agricultural sector, as well as because rural consumption rose significantly. One of the important questions that has been posed by these figures is the extent to which increased output in a really good year tends to be divided between consumption, a rise in stocks, and sale in urban markets.

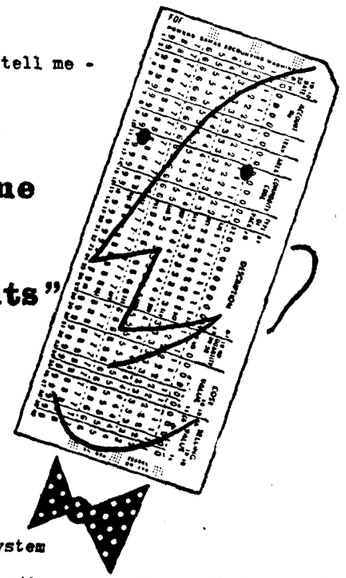
AGRICULTURAL INCOME IN THE INDIAN UNION, 1950-51 TO 1953-54

	(1) Index of Wholesale Prices (Eco. Advisers: 1939=100)				(2) Index of Agricultural Production (Planning Commission: 1949-50=100)				(3) Agricultural Income (Rs. Crores)			
	1950-51	1951-52	1952-53	1953-54	1950-51	1951-52	1952-53	1953-54	1950-51	1951-52	1952-53	1953-54
Cereals	483	472	444	452	90.3	91.2	101.4	117.2	2,034	1,995	2,095	2,471
Pulses	472	496	544	451	91.7	90.3	99.0	108.9	389	401	482	431
Oilseeds	685	630	487	578	98.5	97.5	92.1	108.9	487	443	322	457
Sugarcane (Rs.)*	1|12|-	1|12|-	1|3|-	1|5|-	113.7	121.5	101.6	93.4	305	326	204	214
Cotton	476	495	416	454	110.7	119.2	119.2	149.7	113	125	106	145
Jute	480	904	432	351	106.3	151.4	149.1	101.3	58	155	73	40
Tea	427	374	249	407	103.8	109.6	115.4	115.4	26	24	17	28
Straw & Rice husk	409.7	434.6	380.6	397.5	90.3	91.2	101.4	117.2	687	711	701	757
Fruits & other crops	409.7	434.6	380.6	397.5	90.5	91.1	101.1	116.1	483	500	493	536
Miscellaneous	409.7	434.6	380.6	397.5	110.3	113.3	101.4	98.6	284	297	263	260
TOTAL									4,866	4,977	4,756	5,339
Increase or Decrease over preceding year									..	+111	—221	+583

* Actual price per maund.

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The Business World

WILL TEA BOOM CONTINUE?

MR. H. MACKAY TALLACK'S admirable address to the annual general meeting of the Indian Tea Association in Calcutta, on March 18, should serve to correct the prevailing impression in the minds of some people that the prosperous conditions in the tea industry will be of a lasting nature. Particularly noteworthy is Mr. Tallack's analysis of the real causes that have contributed to the buoyancy in the tea market. It is true that the teas which were selling on the Calcutta auctions at 32 annas a lb. last year have recently been selling at around 50 annas a lb. It is commonly held that the high prices have been the result not merely of an increase in demand but of the inability of the industry either to produce or to export as much tea as has been required. That there has been a considerable and persistent rise in demand from traditionally tea drinking countries, such as the U.K., is an admitted fact. It is believed that 65 million more lbs. of tea were consumed in 1954 than in 1953. But where many people err is in their belief that the production of tea has not been keeping pace with consumption. Actually, however, the production in 1954 was greater than that in 1953, the North-East Indian gardens alone producing 508 million lbs., compared with 487 million in the previous year.

What, then, were the reasons for the rise in prices? As Mr. Tallack observed, there has, first of all, been an enormous time-lag between the manufacture of tea and its arrival in the retailer's shop. Much of the tea produced in the Tea Association's gardens in 1954, it should be noted, is still either in Calcutta or in ships bound for consuming countries, or in the process of being distributed to retailers. This time-lag becomes of immediate significance when demand shows a rapid increase. Last year, an additional bullish factor was provided by the Government of India's cautious releases of export rights, following its announcement of a release of only 105 per cent, against its entitlement of 135 per cent, under the International Tea Agreement. This created fears in the minds of buyers that world markets would be several million pounds short and consequently they bestirred themselves to buy such teas as were offering. Inevitably, prices rose, aided further by the vigorous demand in world markets. The Government's cautious releases were actuated by the fear that India's internal markets would run short if too much tea was exported. Ultimately, however, over 100 million additional pounds of export quota were granted, but meanwhile prices had already soared abroad. From the standpoint of long-term stability of the market, it would be wise to release the greatest possible quantity of quota at the earliest possible period.

Among other factors listed by Mr. Tallack were the floods in tea growing areas and the breakdown of communication which disrupted the despatch of tea from the gardens. Outside India's shores, supplies were held up by the London dock strike which caused a dangerous depletion of stocks in Mincing Lane. In November the stocks of about 60 million lbs. in London represented hardly six weeks' consumption, and the buyers' desperate anxiety communicated itself immediately to Calcutta where the price shot up to Rs. 3-12 from Rs. 3-4 a lb. The subsequent go-slow movement in the port of Calcutta made matters worse. It will be clear, therefore, that the rise in tea prices was partly due to circumstances of an extraneous nature and that some of these circumstances are quite unconnected with the tea industry as such. Viewed against this background, the prosperity in the tea industry is very likely to prove less permanent than is generally expected. The chairman of the Tea Association has, in the foregoing context, done well in warning that unmistakable signs of consumer and buyer resistance have begun to appear and that, with the improvement in the stock position, buyers are increasingly realising that some of the causes of the 1954 shortage were of a temporary nature. Prices are, therefore, likely to decline, even though the statistical position does not warrant any serious collapse.

Last year's prosperous conditions, naturally enough, benefited the labour force in the industry, the managements of most gardens having lost no time in restoring wages to the old pre-depression level and in giving the workers, in the majority of cases, the equivalent of all that they had lost in 1953 as a result of the statutory reduction in wages. That the estate labour accepted the cut and that the loss has since been made good are two happy features of conditions in the industry. It is, however, unfortunate that, with the increase in workers' earnings, the consumption of another beverage—liquor—has increased enormously. Every effort must be made to see that in tea-growing areas more outlets for spending money are opened by making available a variety of consumer goods in adequate quantities.

Government's decision to introduce a sliding scale in respect of the tea export duty has been welcomed by the trade. This is understandable, seeing that before the Budget proposal was announced, tea interests had feared that the enhanced export duty of 10 annas a lb.—representing in a full season a potential revenue receipt of Rs. 30 crores—might remain undisturbed when prices receded, just as the duty of 4 annas remained in 1952. The sliding scale ensures that, when average prices decline, the rate of the duty will also decline with them. The Government's proposal allows a range of duties between 4 and 12 annas a lb. It should, nevertheless, be borne in mind that, though the sliding scale system is generally fair, it makes no allowances for costs of production—it makes no concession to particular units which, in a given season, might be working under adverse conditions.

THE RAISING OF LIVING STANDARDS

By

CROESUS

WATCHING the proceedings of any chamber of commerce or a commercial body and listening to the speeches of Government spokesmen these days must convince anyone that, although there is divergence between them in the method of approach suggested in tackling our economic problems, there is more or less perfect unanimity on the object to be achieved, namely, the raising of the living standards of people in this country. Business men rightly emphasise the requisites that are absolutely essential to achieve this end and, while official spokesmen do not dispute this argument, there is divergence here, again, as to which of these must receive priority. Thus, while the outgoing President of the Bombay Chamber of Commerce, Mr. R. L. Coghlan, speaking at the last annual meeting, approvingly quoted from the Government statement on industrial policy of 1948, that "any improvement in the economic conditions of the country postulates an increase in national wealth", Mr. Morarji Desai, Chief Minister, Bombay, who was the Guest of Honour on the occasion, expressed the view that the need of the country was full employment first and higher standard of living next. In the matter of industrialisation, said Bombay's Chief Minister, "India has to consider her own capacity and circumstances which are different from those in the western countries. The U.S.A. and Britain have passed a century of travail in their process of industrialisation, India, however, cannot wait for such a long time."

This stress on full employment, I am afraid, is being carried a little too far and fails to take note of certain important factors. Efforts such as these to ensure a labour-intensive economy may not result in eliminating unemployment but only in disguising it in the form of under-employment. "To make two men do the job which one of them can easily do by himself", as Mr. Coghlan said, "not only does nothing to increase the total wealth but also keeps the second man from doing something else productive if the opportunity arises. As a temporary expedient, it may be justifiable in isolated cases; as a settled policy, it is debatist, if not suicidal. When all sections of the community are being expected to put their shoulders to the wheel and give of their best, and when patently there is so much work to be done, a policy of artificially restricting the productivity of the individual is, to put it mildly, inappropriate."

These observations of the former President of the Bombay Chamber of Commerce, it is interesting to note, stem from the report of the General Manager of two upcountry mills who recently visited the U.S.A. and made a survey of the cotton mills there. The finding of this survey, surprisingly enough, is that the labour cost in each process in America is remarkably close to that of the corresponding process in India, but with only this difference, namely that an American worker does a job which requires 11 or 12 in this country and also receives 11 or 12 times as much pay. Neither the Mill Manager who made the study nor Mr. Coghlan has suggested that the American worker is 12 times as efficient as the Indian worker, notwithstanding certain advantages which the former has over the latter in respect of say education, better health and so son. But they did make the point that the main reason for the higher output accounted for by the American worker is the advantage he has of operating the latest and most efficient machines. Unfortunately, the tendency in this country is bitterly to oppose the introduction of any such machines. Americans have learned from their experience of dynamic economy that, in practice, jobs which become redundant through the introduction of automatic machinery are more than compensated for by the new jobs which are being constantly created as a result of the industrial expansion of the economy. In the result, the volume of employment goes on increasing and at wages which, thanks to constantly increasing productivity, are also constantly increasing.

Both the outgoing President and the incoming President of the Bombay Chamber took strong exception, and rightly so, to what seems to be the Government's philosophy today, that is more and more to discourage the bad or dishonest employer than to create conditions in which the good one can flourish. To quote Mr. Coghlan: "There is more rejoicing in Delhi over one bad employer being frustrated than over 99 just ones being allowed to carry on their nation-building work in peace; perhaps it is not believed in Delhi that so many as 99 just employers exist."

That this steam-roller method of trying to strangulate organised commerce and industry is not proper is the view of the Bombay Chamber's new President, Mr. K. G. Milne, who said: "There are anti-social types everywhere, and it would seem to me that a more fruitful procedure would be to untie the strait-jacket now being tightened to the verge of strangulation and to strengthen the machinery of criminal investigation so as to weed out and destroy only those actual offenders, wherever they are to be found, who misappropriate other people's rightful belongings."

It can hardly be said that "the reported stringent regulatory provisions in the Company Law now on the anvil and the provisions in the Constitution (Fourth Amendment) Bill which introduces doubts as to property rights are conducive to a developing economy. Hence Mr. Milne's posers: "Will not the passing into law of legislation like the Companies Bill place the whole of organised commerce and industry, with their managing entities, into a strait-jacket, while, at the same time, leaving the vastly greater unorganised elements largely to their own devices? Why is such a pointed distrust or dislike directed in particular against organised commerce and industry, with its generally honest direction and staff?"

In the course of his address, Mr. Coghlan made a very significant observation in regard to the qualitative aspect of India's industrial activity over the past few years. It did not seem he was bothered about whether the targets for investment, expansion of capacity and production set for private industry under the Five-Year Plan were being substantially implemented or not. The Federation of Indian Chambers of Commerce and Industry has, in fact, made an analysis of this to dispel the more or less general impression that the private sector has been lagging behind expectations. The ex-chief of the Bombay Chamber did not question the fact that there has been a considerable increase in industrial activity. But according to his analysis, most of this activity relates to the production of goods which were previously imported—often in association with the original manufacturers of the imported goods. To this extent and to the extent that the new ventures have a protected market, inasmuch as the Government has either restricted or prohibited the import of the goods manufactured by these new ventures, the only effect, according to Mr. Coghlan, is to add to the consequence of the burdens or restrictions imposed by Government on the unfortunate consumers. To use his own words, again, "the rise in standard of living implies more goods being made available for consumption, not merely the substitution of home goods for imported". He, therefore, wanted that the climate must be such as to encourage new production, not merely substitute production and production in the face of competition, and not merely production to supply needs of a readymade and guaranteed market. It would have been highly instructive if the retired chief of the Bombay Chamber had, at the same time, indicated the new lines of production not falling under either of the categories mentioned by him. In the context of the latest policy of the Government of India that the private sector should confine itself more to the development of light and/or subsidiary industries and also the fact that there is great scope for more industry than at present, particularly in the field of manufactured and consumer goods and

in that of subsidiary industry, the course of India's industrialisation for some time to come, at any rate, must perforce be in the prevailing direction, although it is a pity that the consumer has to bear the consequences of this in the event.

Between the outgoing and the incoming chiefs, the two managed to make detailed references to as many as three important reports, namely, the Kanungo Committee Report, the Gorwala Rural Survey, and the Report of the Taxation Enquiry Commission. In their opinion, although the reports are admirable in the comprehensiveness of scope and in the marshalling of all the relevant data, they show considerable unreality in respect of their recommendations. Referring to the Kanungo Committee, for example, Mr. Coghlan said: "The report envisages that the process of substituting the improved loom for the old type will continue in the same ratio of 2.13 new looms for every 3 old ones scrapped, till, after 15 or 20 years, only 50,000 of the old looms remain. But, when this stage is reached, with a total of 8.2 lakhs of new type looms, the annual production of these alone will be 6,150 million yards, which is more than the present total production for inland consumption of the entire cotton textile industry—composite mills, powerlooms and handlooms combined. To provide cotton for this increase in the handloom production, the cotton crop will have to be doubled from 4 to 8 million bales, and, to spin the required yarn, there will have to be an addition of 6½ million spindles to the present total of 11 million. Moreover, even assuming an increase in the population to 450 millions, a consumption of 23 yards per head—more than half as much again as the present figure—will be necessary to absorb this output. These figures are all unrealistic, but even more so is the tacit assumption that, during the transition period, the old-fashined looms producing 1,200 yards annually and the new type producing 7,500 yards can happily co-exist.....Clearly, if there is any shortfall in consumption from the very optimistic target figures, the whole of it will be at the expense of the old type loom, resulting in precisely what the recommendations are designed to prevent, namely widespread unemployment among the old type of weavers."

While this conclusion of Mr. Coghlan is broadly correct, there is one aspect of the matter which seems to have escaped the attention of both the Kanungo Committee and Mr. Coghlan. It is true that there will be unemployment among the old type of weavers consequent on the implementation of the recommendations of the Kanungo Committee, but, at the same time, the new type of handloom weavers will need the services of a large number of people for doing the processing work preparatory to weaving on the improved type of looms. I have it on the most reliable authority, of no other than the Union Minister for Commerce and Industry himself, that this will provide work for quite a large number of people. But, even so, it appears to me, the broad conclusions of Mr. Coghlan cannot be disputed.

In regard to the Gorwala Survey on Rural Credit, the ex-chief of the Bombay Chamber has only reiterated the rather universal criticism that the Committee has recommended a glorified version of the co-operative society after categorically holding that the co-operative agency has not been able to deliver the goods in spite of over 20 years of official support and encouragement.

The answer of one at least of the authors of the survey to this criticism, as I have heard it, is that the co-operative agency,—not as it is, but as the Committee has recommended—can be expected to be more effective, but this remains to be seen. The more serious criticism of the survey by Mr. Coghlan, however, relates to the Committee's conclusion that moneylenders should be excluded from any scheme for injecting the much needed finance into the rural economy. He doubts whether the qualities which have made the moneylender the only successful operator in the field in the past will be found, even to some extent, among those who will administer the scheme in the interior in future. "To be successful," the ex-chief went on to say, "the scheme must make loans on terms which would not be accepted by a commercial bank, and, at the same time, avoid incurring bad debts. The qualities needed for this are hard to define but may be summarised as consisting of a flair for business, the most important ingredient being the power to come rapidly to a right decision on incomplete evidence. These qualities are abundantly present in the moneylending community, but are rarely found among Government or bank officials, except of the first rank, and more rarely still in boards or committees. How the peculiar talents of the money-lending fraternity could best be utilised in the cause of expanding rural credit, it is not for me to suggest; I can only point out that they constitute an asset of considerable scarcity-value, which should not be lightly cast aside." The extract is so packed with practical commonsense that even the authors of the survey cannot afford to brush it aside lightly.

It was Mr. Milne's turn to criticise the Report of the Taxation Enquiry Commission. He roundly declared: "I find myself entirely out of sympathy with the astounding view expressed by this Commission that the disincentive effect of restriction of earning capacity is greatly exaggerated and that there should be some ceiling on permissible income." The disincentive effect of such proposals as have been inspired by this idea of the Commission, according to him, is bound to be great. So he said: "Few, if any, 'entrepreneurs' will embark on new ventures and—worse still—many honest people will be forced out of business. The disincentive effect will not be felt immediately, but the spring of the clock of true progress will lose its winding force, while Jacks-in-trade will be encouraged. For almost all of us, the possibility of saving anything for investment must now have receded far beyond the horizon. It is past my understanding how anyone can suppose that this, by itself, is a small thing, and not a major disincentive."

From disincentives, Mr. Milne passed on to the question of incentives to a free flow of capital and dwelt at length on the difficulty of what he described as "a concept of 6 per cent sufficiency" which he said pervaded the sentiments not only of Industrial Courts but at all levels of authority. He expressed the fear that any attempt to extend or perpetuate in India this 6 per cent sufficiency concept would not only effectively prevent the introduction of any really significant equity capital from abroad (especially when combined with the possible effects of the last Central Budget upon the availability of complementary personnel from oversea) but it will also dam the springs of indigenous finance for development of even established industry, and it will seal virtually completely the sources of capital for new industry, without the aid of which the unemployment problem of the country cannot be adequately countered, or the standard of living significantly raised." Accordingly, he hoped for a proper and better appreciation of all the factors operating in the capital market by those people who decide such issues.



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BUSINESS NOTES

SUGAR INDUSTRY'S GROUSES

IN HIS presidential address to the 22nd annual meeting of the Indian Sugar Mills' Association, held in New Delhi on March 19, Mr. Gulabchand Hirachand complained, among other things, about the increase in sugar excise duty, questioned the fairness of the new cane price formulae and expressed grave concern at the proposal to instal sugar refineries in the country. The Union Food and Agriculture Minister, Mr. A. P. Jain, who inaugurated the meeting, devoted most of his speech to allaying the industry's apprehensions and explaining the official standpoint on the issues raised. By raising the sugar excise duty from Rs. 3-12 to Rs. 5-10 per cwt., Mr. Hirachand feels that a "staggering blow" has been inflicted on the industry, and the resolution passed on this issue pointed out that this action has been taken by Government "regardless of the declining trend in agricultural prices and lower consumption of sugar this year".

The price of factory sugar is another important issue about which Mr. Gulabchand made some pertinent remarks. It is the higher cost of cane production and not the higher cost of manufacture which is responsible for the comparatively higher prices of sugar in the country. The cost structure in the case of this industry is rigid because the minimum price of the raw material—the largest factor—is also fixed. Fixation of the minimum price for cane supplied to the industry has become a difficult matter because of conflicting demands from various interests. Last year an agitation was started for a claim to a bonus over the minimum price fixed by the Government, by linking the price of cane to that of the average price realised by each factory for its produce of sugar. The Government has been wise in having decided to appoint a committee of experts which would carefully go into the question of the price structure of sugar and fix a fair price for sugarcane in relation to the selling price of sugar. The committee will also suggest a method for linking the price of sugar with the sugar content of cane so that necessary incentive is provided to growers to improve the quality of cane.

Mr. Gulabchand voiced the industry's grave anxiety at the Government's reported decision to grant licences for installing two sugar refineries in India to process imported raw sugar. It is true that the setting up of refineries would cause distress to domestic producers of cane and gur, would perpetuate imports in the form of raw sugar, and to that extent reduce the demand for both cane and gur. But the Food Minister, while announcing that a decision on the issue of refineries has been postponed, has explained that the object behind the proposal is to import raw sugar, in preference to refined sugar, and refine it inside the country, which is more profitable. He has overlooked the possible adverse repercussions on the domestic industry but, to the extent to which the domestic industry can reduce the gap between the production and consumption of sugar, the case for setting up refineries will be weakened.

CONSOLIDATION OF JUTE INDUSTRY

SYMPTOMS OF recovery in the Indian jute industry in 1954 are not lacking. Among these symptoms, resumption of the 48-hour week easily strikes as important. In the export trade the small margin of 18,000 tons lost in shipments of hessian last year as compared with 1953 (total exports of hessian being 270,000 tons in 1954) was completely wiped out and substantial gains were registered in exports of sacking. Sacking exports jumped from 324,000 tons in 1953 to 430,000 tons in 1954. But these indicators of improving health of the industry must be accepted with a sense of subdued optimism. In his presidential address at last week's annual session of the Indian Jute Mills Association, Mr. G. J. Gardner warned his compeers not to forget that the prosperity of the industry was a long way off. There were serious obstacles to be got over on several fronts and an objective probe in the industry's future could not fail to underline the warning that even the task of consolidating progress had to be gradual per force.

The capacity of the industry to consolidate and maintain its competitive strength was hampered in a dangerous degree by the inflationary increase in the prices of raw jute and by the burden of high labour costs. During the year ending in February 1955, the prices of raw jute rose steeply by 61 per cent. This increase could not be transmitted to the overseas consumer. Sacking prices rose by 26 per cent and hessian by 15 per cent only. The mills had to bear the brunt. Even the increase of this order in the prices of jute goods ran completely counter to the general trend of decline in the prices of other packing materials. While the labour costs of the Indian jute industry are shooting up, the competitive substitute industry, namely, the paper bag industry, is enjoying the benefits of a high degree of rationalisation and of superior labour productivity.

The jute industry can hardly cherish the hope of achieving expansion in world markets on the traditional lines—certainly not in the dollar market of the United States. A determined search for new lines of consumption has to be made. Here the scope offered is happily reassuring—but only to a limited extent. The projects of expansion and modernisation of agriculture, housing, transport, and so forth, will certainly open fresh potentiality for the consumption of jute goods in new directions. Research, however, is necessary to plan new production on a commercial scale in good time.

In the traditional lines of use, the position of the industry is threatened by a new and distinct development since the post-war rehabilitation and expansion projects were launched. Countries which found comfort in relying on imports of jute goods from India are now switching over to indigenous production in a bid for self-sufficiency. They include several countries of the Middle East and South-East Asia and among them Japan is emerging as a competitor in America.

TOBACCO EXPORTS LOOK UP

IF THE long-drawn out campaign of the tobacco trade in South India for Government of India's direct assistance to break the stagnation and take intensive measures to facilitate and promote exports of tobacco is recalled, 1954 would be presumed to be a bad year for this commodity. Actually the principal producing State of Andhra was in the grip of a slump for some time. The cumulative results of the whole year, however, have turned out to be surprising and all fears of a pessimistic performance have been falsified. In fact, exports in 1954 have proved to be much better in respect of the volume of exports than 1953. The year 1953 need not be regarded as a representative year and comparison with 1952 would show poorer results in 1954 in respect of volume as well as value. Nevertheless, the increase registered last year in relation to 1953 must appear heartening in the context of the threat of slump. In 1954, the total quantity of exports was 73 million lbs. as against 52 million lbs. in 1953. The value recovered in 1954, however, was lower at Rs. 11.06 crores than the figure of Rs. 11.90 crores for the previous year. This was the consequence of a fall in prices and although the fall was in sympathy with the general decline in commodity prices, the damage caused by unfavourable climate was also a factor responsible for it in this country.

In response to the demand of the trade, the export duty on tobacco was reduced and special measures were undertaken to stimulate exports. The trade delegation which was sent to Thailand, Japan, Hong Kong, China and Singapore in July last took special efforts to promote tobacco sales. The agreement with China for the tobacco-raw-silk deal was another potent factor responsible for prompt sales. But in the aggregate quantum of exports these two measures of drive for overseas sales had a modest share. The delegation was responsible for additional exports of 4.5 million lbs. and the tobacco-silk deal with China created an outlet for 9 million lbs. In this manner, out of the total exports of 72 million lbs. in 1954, 13.5 million lbs. were due to these two causes. The balance of 58.5 million lbs. was absorbed otherwise. This trend must be regarded as heartening from the angle of the long-term stability of, the trade. Here, again, it must be recognised that appointment of special tobacco officers was a plank in the programme of tobacco exports. The appointment of one such officer in London was a wise move since the maximum exports to India's premier tobacco market of U.K. were maintained in 1954 at 31 million lbs. valued at Rs. 6.4 crores. An officer was also appointed at Antwerp. The tobacco trade must take early action to improve the quality of Indian tobacco which is the central drawback hampering its competitive position. But the services of our official trade representatives abroad and the new agency of special tobacco officers ought to be utilised on an organized basis in future. When the Export Promotion Council is set up for tobacco, as promised by Mr. Karmarker in the Lok Sabha last week, these two channels can be availed of effectively.

MILLS AND EXCISE LEVY

POINTED ATTENTION to the question of excise duties on cloth was drawn by Mr. E. D. Sheppard, Chairman of the Kohinoor Mills Co., Ltd., in the course of his address to the recent annual general meeting of the company. While the reduction in the export duty on coarse counts, from 10 per cent to 6¼ per cent, should improve the demand for export, the enhancement of the excise duties for local consumption, he pointed out, would hit the industry very hard. The Kohinoor Mills alone, it was stated, would be affected to the extent of Rs. 8 lakhs per year. Since Mr. Sheppard spoke, the Government has, no doubt, announced a reduction in the excise levy on coarse and medium cloth of certain specified counts. Although the immediate market reaction was very favourable, from the official notification now available it will be found that the extent of relief to the trade and the consumer will not be significant. For, it is stated that only cloth made of yarn of 35 counts and below will be eligible to a reduction of 50 per cent, i.e., from one anna to half an anna per square yard. Cloth of above 35 counts but below 48 counts will pay one anna per square yard, and cloth above 48 counts 2½ annas. Thus, there will be three classifications of cloth and not two as originally stipulated in the Budget proposals. This being the case, the Finance Minister's estimate of earning an additional revenue of Rs. 9 crores from excise adjustments is not likely to undergo any notable reduction.

Mr. Sheppard, in his speech, also referred to a very interesting point in respect of the cost of living index compiled by the Government of Bombay. Although the rates of foodstuffs have steadily fallen, the Bombay City cost of living index has refused to follow the downward trend but has at times even shown an upward trend. Taking a comparison, he said that until recently the D.F.A. in Ahmedabad was about Rs. 20 higher than in Bombay, but in the last few months it has gone considerably below the Bombay level. One is, therefore, at a loss to know why in Bombay City alone this increase has occurred. The State Government ought to inquire into the method of compiling this index figure.

PROGRESS OF UNITED COMMERCIAL BANK

THE UNITED Commercial Bank registered encouraging progress in the year 1954. The volume of total deposits at approximately Rs. 40.43 crores in 1954 shows appreciable improvement over the previous year. Of this total, fixed deposits accounted for Rs. 15.17 crores, current and contingency accounts, etc., for Rs. 21.47 crores and savings bank deposits for Rs. 3.79 crores. The aggregate volume of advances went up to Rs. 24.64 crores. On the other hand, cash balances with other banks and money at call and short notice accounted for a total of Rs. 6.08 crores, and investments (which are shown in the balance sheet below market value) were of the order of Rs. 17.16 crores.

After making adequate provision for all charges and including the amount of Rs. 1.52 lakhs brought forward from the previous year's account, the net profit for 1954 amounted to Rs. 32.59 lakhs. Out of this amount, the balance left over after making suitable appropriations for reserves, taxes and payment of bonus to staff is of the order of Rs. 11.09 lakhs. Out of this amount of balance, the Directors have recommended a tax-free dividend of Rs. 2-8 per share which works at 5 per cent for the called-up amount of the subscribed shares.

Among the Bank's achievements of 1954, one which bears marked notice, in a phase of contraction of branch expansion activity, is the opening of two sub-branches in India and one branch in Burma. The progress of the bank, therefore, was registered not merely in business transactions but in respect of the areas served.

CONFECTIONERY MAKERS MEET

WITH THE change-over from the seller's market to the buyer's market leading to consumer resistance, the Indian confectionery industry is today faced with the problem of falling demand and consequent decline in the rate of production. A large percentage of the installed capacity remains idle. During 1952, the average monthly production of confectionery was about 709 tons, against the rated capacity of about 4,000 tons, and this was despite the fact that sugar was freely available in the market. In 1953, production further receded to 552 tons per month and in 1954 it was only 536 tons. The fall in demand is mainly due to the high price of our confectionery, particularly in view of the fact that confectionery goods are not so popular as an item of food with us as they are in countries like the U.K. and the U.S.A. Sugar, the basic raw material in confectionery manufacture, accounts for 25 per cent to 90 per cent of the factory cost, depending upon the variety of confectionery produced.

Considering these facts, it was natural that Mr. Brahma Swarup, in the course of his address to the 9th annual general meeting of the Indian Confectionery Manufacturers' Association, held in New Delhi on March 20, underlined the need for reducing production costs of confectionery goods and requested the Government to refund the central excise duty on sugar consumed by confectionery factories which, with the recent increase proposed in the Central Budget, amounts to Rs. 4-2-2 per maund of sugar. Mr. Brahma Swarup also urged the State Governments to refund cane cess wherever charged. If these concessions are granted, it

would be possible for the industry to effect some substantial reduction in price and pave the way for increased consumption. An additional incentive would be provided if the imports of foreign confectionery are made less liberal than at present, but complete prohibition of finished products, as demanded by the home industry, would leave the latter completely free from any element of competition. At the same time, however, Government should ensure free availability of the raw materials from abroad to manufacturers where these are not available within the country in the required quantity and quality.

It is necessary to reduce the production cost of Indian confectionery both for increasing internal consumption and promoting exports. In view of the good demand for our confectionery in some of the neighbouring countries, the two suggestions made by Mr. Brahma Swarup for boosting our exports deserve earnest consideration by Government. They are: Simplification of the existing procedure for refund of central excise duty on sugar content of confectionery exported, and drawback of import duty on essential raw materials as provided under the Sea Customs (Amendment) Act, 1953.

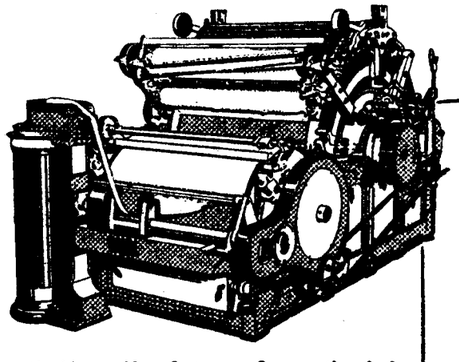
TOURIST TRAFFIC IMPROVEMENT

ALTHOUGH FOR India tourism is not a major item of invisible export—as it is for countries like Switzerland —it is undoubtedly a lucrative source of earning foreign exchange and deserves to be developed in a more ambitious manner than hitherto. However, considering the fact that this State-sponsored activity is of recent growth, the officially estimated annual earning of Rs. 5 crores, on the average, is encouraging enough. According to the report for 1954-55 of the Ministry of Transport, as many as 39,333 foreign tourists visited India during 1954, as against 28,060 during 1953.

Among the activities undertaken by the Government during 1954 were the opening of new tourist offices at major centres of tourist attraction, such as Darjeeling and Ootacamund, and the publication of a large variety of information material, consisting of guides, pamphlets, folders, maps and films. But qualitatively these publications are hardly impressive—their contents are too drab and sedate to attract the average tourist from abroad. Nor do they provide complete information, such, for instance, as the mileage by rail, road and air, and the expenses that tourists have to incur in travelling from place to place. There is no central agency which provides practical guidance and help to conduct the foreigner through the far-flung tourist centres where different languages are spoken and different conditions of living exist. In this context, mention must be made of the existence of prohibition in several States which does cause annoyance to many foreign visitors who obviously do not come to our country to learn the ethics of teetotalism. A conference of State Government representatives, held in December last year, studiously refrained from tackling this issue in a rational manner. Other ways and means of promoting tourism were considered, including a short-term plan for the development of over 80 centres all over the country. The importance of establishing a sound base of home tourist traffic was also brought to the notice of the State Governments.

Given adequate State aid, the Indian hotel industry can help develop tourism a good deal. With the great progress made in the methods of communication and travel, it is essential to have adequate up-to-date hotels in our country. We have few hotels of the kind one sees in advanced countries which are not only a marvel of efficiency and comfort but centres of social life. Mr. Jacques Percepied, President of the International Hotel Association, who addressed the Administrative Council of the Association in New Delhi last month, underlined this fact when he said that all Governments should understand that tourism is a source of wealth and they should support the hotel industry as a matter of essential importance for their prosperity. Our authorities would do well to devote attention to the need for creating adequate trained personnel as an essential adjunct to the growth of the hotel industry.

MMC revolving flat cards



are now being extensively used in Textile Mills in India.

Outstanding features

1. Five distinct setting points, used singly or in combination, to control setting to .001 inch.
2. Johnson bronze bearings, for cylinders and doffers. Roller bearings to cylinder; ball bearings to doffer and ball bearing comb box also provided as optional equipment.
3. Ball bearings to licker-in pedestals.
4. Self-lubricating 'Olite' bearings at several locations.
5. William's patent stripping motion for flats.
6. Drop lever with new disengaging handle.
7. Fluted lap roller with positive gear drive from feed roll helps uniform feed of lap at the back with minimum possible stretching.
8. Cards can be geared for any production in a mill organization.

Machinery Manufacturers Corporation Ltd.
Factory: Sonai Works, Kidderpore, Calcutta 23.
Managing Agents:
MAHINDRA & MAHINDRA LIMITED
Head Office: Gateway Building, Apollo Bunder, Bombay.
Calcutta Office: Hall & Anderson Building, Park Street.

PSMMC-2A/A

COMPANY AFFAIRS

THE BANK OF MAHARASHTRA, LIMITED

The audited accounts of the Bank of Maharashtra, Limited for the year ended December 31, 1954, show an increase of Rs. 13.35 lakhs in fixed deposits from Rs. 117.81 lakhs in 1953 to Rs. 131.16 lakhs at the end of the year under report. Savings bank deposits have also increased from Rs. 141.93 lakhs to Rs. 169.24 lakhs and current accounts are up by Rs. 21.42 lakhs to Rs.110.89 lakhs. The overall increase in deposits is of the order of 18 per cent over the previous year's figure of Rs. 349.31 lakhs.

Investments and advances have also, in line with deposits, taken an upward trend. Investments at Rs. 163.05 lakhs are up by Rs. 23.37 lakhs. Advances have gone up from Rs. 176.23 lakhs to Rs. 198.45 lakhs.

Because of increase in deposits, the interest paid on deposits has improved from Rs. 5.28 lakhs to Rs. 6.50 lakhs, and due to increase in advances, the earnings (interest and discount) are up by Rs. 2.43 lakhs to Rs. 15.60 lakhs.

The profit and loss account shows a net profit of Rs. 3.25 lakhs as against Rs. 2.89 lakhs in the previous year. The directors have maintained the dividend at 5 per cent per annum.

The table below sets out the chief features of the working of the bank during the last three years:

	(In lakhs of rupees)		
Year ended December 31	**1952**	**1953**	**1954**
(a) Deposits and other accounts:			
Fixed Deposits	77.36	117.81	131.16
Savings Bank Deposits	121.72	141.93	169.24
Current Accounts, Contingency Accounts, etc.	82.54	89.57	110.89
TOTAL	281.63	349.31	411.28
(b) Investments	121.40	139.68	163.05
(c) Advances	299.97	176.23	198.45
(d) Interest Paid on Deposits, Borrowings, etc.	4.23	5.28	6.50
(e) Interest and Discount Earnings	11.12	13.17	15.60
(f) Net Profit (subject to taxation)	2.55	2.89	3.25
(g) Transfer to Reserve Fund	0.51	0.84	0.75
(h) Provision for Taxation	1.20	1.47	1.70
Dividend (per cent per annum)	5	5	5

THE GOKAK MILLS LTD.

The audited accounts of the Gokak Mills Ltd., for the year ended December 31, 1954, show an increase of nine per cent in the figure for total sales from Rs. 173.79 lakhs in 1953 to Rs. 189.84 lakhs in the year under review. The net profit (before providing for taxation and depreciation) has, however, dropped by Rs. 1.73 lakhs to Rs. 14.63 lakhs. The directors have scaled down the provisions for taxation and depreciation from Rs. 6.25 lakhs and Rs. 3.50 lakhs to Rs. 5.00 lakhs and Rs. 3.15 lakhs, respectively. The ordinary dividend has been stepped up by one per cent to 13 per cent per annum.

The directors report that 7,792 spindles were converted during the year from 5" to 6" lift and the following additions were made to the machinery:

(a) One fabric loom; (b) Two roto-coner Winding Machines; (c) Four Carding engines; (d) Two dulkonite yarn conditioning machines; (e) Two lathes.

The working results for the last three years are summarised in the table below:

	(In lakhs of rupees)		
Year ended December 31	**1952**	**1953**	**1954**
Sales	184.19	173.79	189.84
Stocks	21.39	16.60	28.77
Raw Materials Consumed	110.80	105.58	133.65
Wages and Salaries	26.42	27.09	30.49
Net Profit (before providing for depreciation and taxation	7.06	16.36	14.63
Provision for Depreciation	2.50	3.50	3.15
Provision for Taxation	1.75	6.25	5.00
Transfer to Reserve Account	0.48	0.23	0.51
Ordinary dividend rate per cent per annum	17*	12	13

* Includes bonus of Rs. 5 per share.

THE AHMEDABAD ELECTRICITY CO., LTD.

The working results of the Ahmedabad Electricity Company, Ltd. (Managing Agents: Killick Industries Ltd.) for the year ended September 30, 1954, show a rise of 10.56 per cent in the figure of total kilowatt hours sold over the previous year. Net earnings from sale of energy have registered a significant increase from Rs. 220.52 lakhs to Rs. 240.69 lakhs during the year under review. Despite the increase in sales figure, the Gross Profit is down fractionally from Rs. 41.34 lakhs to Rs. 39.81 lakhs. The bill for salaries and wages absorbs more than 10 per cent of the sales. The directors have maintained the dividend at 6½ per cent per annum.

The share capital of the company has advanced from Rs. 524.68 lakhs in 1952 and Rs. 654.79 lakhs in 1953 to Rs. 699.96 lakhs during the year under reference.

The salient features of the working of the company during the last two years are tabulated below:

Year ended September, 30	**1953**	**1954**
(a) Net Earnings from Sale of Energy (Rs. lakhs)	2,20.52	2,40.69
(b) Total Kilowatt Hours Sold (In lakhs)	38,60.23	42,67.94
(c) Gross Profit (Rs. lakhs)	41.34	39.81
(d) Salaries and Wages (Rs. lakhs)	25.74	26.34
(e) Dividend rate per cent per annum	6½	6½

THE HIND BANK LTD.
ROYAL EXCHANGE PLACE, CALCUTTA.
accepts SAVINGS DEPOSITS from 1st January, 1955
INTEREST AT 2% P.A.
UP TO Rs. 25,000/-
WITHDRAWABLE BY CHEQUES

COMMODITY NEWS AND NOTES

SUGAR POSITION IN FEBRUARY

The production of crystal sugar amounted to 9.67 lakh tons and arrivals of imported sugar to 2,80 thousand tons up to February 28, 1955, in the current season. The figures for the corresponding period of the last season (1953-54) were 7.95 lakh tons and 1,93 thousand tons respectively. Despatches of sugar from factories during the period were 2,49 thousand tons as compared to 3,93 thousand tons in the corresponding period of the last season. The stocks with the factories on February 28, 1955, stood at 7,75 thousand tons as compared to 5,95 thous tons last year.

INCREASED EXPORT QUOTA OF GROUNDNUT OIL

A further quota of groundnut oil has been released for export by established shippers for shipment up to the end of June, 1955. A quota has also been earmarked for export by crushers. Details will be announced by the Export Trade Control authorities at the ports. It has also been decided to extend the period of shipment for export of groundnut oilcake (expeller variety) and de-oiled groundnut meal (solvent extraction variety having less than 1 per cent oil content) till May 15, 1955.

LAC CULTIVATION IN INDIA

Matters relating to improvements in the cultivation of lac and trade in shellac are to be discussed by the Indian Lac Cess Committee at its meeting in Ranchi on March 25. The Committee is to consider various schemes in connection with the second Five-Year Plan for increasing the cultivation of lac, providing warehouses and storage facilities for the marketing of lac, and increasing the consumption of lac within the country. Other important subjects for discussions include several schemes of research submitted by universities and other bodies for conducting research on the chemistry of lac. Proposals for developing research activities of the Indian Lac Research Institute together with a proposal for the establishment of regional testing laboratories at Mirzapur and other places will also be considered.

EXPORT OF ONIONS

The Government of India have reviewed the export policy with regard to onions and have decided to release some quotas for export up to end of June 1955 from the ports of Madras, Bombay, Calcutta and Saurashtra. The details of the licensing procedure are being notified by the Export Trade Control authorities at the ports concerned.

CONCERN OVER COAL IN U.K.

The coal situation is causing concern as the distributed stocks are at very low level and are just over two weeks' consumption. At 11.38 million tons, they are 2 million tons down on this time last year and 4.2 million tons less than at the beginning of the year. Increased imports have so far shielded industry and public utilities from the effects of the shortage. Stocks with the railways are least of all the industries and public utilities and have 1.3 weeks' stocks. Merchants in London, who supply the domestic consumer, have on average about two weeks' stocks in hand, but bad weather and labour shortages have caused delivery delays. Heavy imports are needed to build up "safety level" stocks of 13 million tons. So far this year 1.38 million tons of coal have been imported as compared to .12 million tons in the first two months of 1954. Exports have been cut from 2.54 million tons to 2 million tons. This year's planned exports are 11 million tons as against 12½ million tons of planned exports and 13¾ million tons of actual exports in 1954. Imports are running far in excess of the announced rate of 2 million tons by the end of April and are expected to continue at higher rate even after April. The main problem of higher imports is the lack of capacity in the ports. Inland consumption is rising and production is falling. Coal output at 40.23 million tons is lagging nearly 1.1 million tons behind last year's level.

INCREASE IN PAPER IMPORTS

Imports of paper into India during the past few years have shown a steady increase. In the eight months from April to November, 1954, imports at 1,820,000 cwt. equalled the total imports for the fiscal year 1951-52. Production rose to a record level of 155,328 tons last year from 138,216 tons in 1953 and 108,907 tons in 1950. The increase in imports, despite the rise in production, is attributed to larger consumption, which has shown an increase of nearly 50 per cent in the past five years as a result of the literacy drive and the improvement in the standard of living. The country is expected to be self-sufficient in the near future in view of the large expansion programme undertaken by the industry. The installed capacity of the industry is expected to rise to 287,110 tons next year against the estimated requirements of about 200,000 tons. At present there are 21 paper mills employing a total of 26,000 people.

OUTPUT OF IRON ORE MINES

The estimated total output of the iron ore mines in India decreased from 3,82,314 tons in December, 1954, to 3,70,992 tons in January, 1955, according to official statistics released by the Chief Inspector of Mines in India. Returns received from 69 mines for the month of January, 1955, show dispatches totalling 2,76,624 tons to the iron and steel plants and 54,762 tons to the export market. The reported stocks at the end of the month amounted to 8,75,951 tons.



THE UNITED COMMERCIAL BANK, LIMITED.

(Incorporated on 6th January, 1943)

TWELFTH 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, 1954.

The net profit for the year, after providing for all known and anticipated charges and including Rs. 1,52,320-7-3 brought forward from the previous account, amounts to	Rs.	32,58,724	8	9
The Directors have made the following appropriations out of the net profit:				
1. Transfer to Reserve Fund	Rs.	6,50,000	0	0
2. Provision for Taxes	„	12,50,000	0	0
3. Provision for Bonus to Staff	„	2,50,000	0	0
4. Balance	„	11,08,724	8	9
	Rs.	32,58,724	8	9

Out of the balance of Rs. 11,08,724-8-9 the Directors recommend to the shareholders payment of Dividend at Rs. 2-8 per share, free of Income-tax, which will absorb Rs. 10,00,000 leaving Rs. 1,08,724-8-9 to be carried forward to the next year's account.

During the year under report, your Bank paid Rs. 19,958 as donations, including Rs. 15,600 to the Nanyang University of Malaya.

The documents of title to the Bombay flats purchased by the Bank have still not been completed on account of delay in legal formalities.

The Bank's business has continued to expand during the year and there is an increase in deposits at the end of 1954 as compared with the corresponding figure for 1953. Looking to the monetary, credit and trade conditions in 1954 in the countries in which your Bank operates, your Directors consider the working of the Bank and the profits for the year as satisfactory. The Bank's investments appear in the balance sheet at below market value.

During the year, the Bank opened sub-branches at Ballygunge (Calcutta) and Jalahalli (Bangalore) and a branch at Bassein in Burma.

The Directors have to report with great sorrow the death, in April 1954, of Mr. Baijnath Jalan who was a Director of the Bank since its inception and who was held in high esteem and respect by his colleagues. The Directors wish to place on record their deep sense of appreciation of the great service rendered by Mr. Baijnath Jalan during the long period of his office.

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 Mr. B. T. Thakur, your General Manager and Mr. S. T. Sadasivan who acted as General Manager and thank them for their ceaseless and untiring efforts in the Bank's interests. The Directors also thank the officers and staff of the Bank for their hard work and loyal service.

Under article 95 of the Bank's Articles of Association four of your Directors,

Shri I. P. Goenka
Shri A. C. Law
Shri Navinchandra Mafatlal
Shri R. L. Nopany

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,
4th March, 1955.

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.
CAPITAL:		
Authorised Capital: 8 lakhs shares of Rs. 100 each ..	8,00,00,000 0 0	
Issued and Subscribed Capital: 4 lakhs shares of Rs. 100 each ..	4,00,00,000 0 0	
Amount Called Up: 4 lakhs shares at Rs. 50 per share ..		2,00,00,000 0 0
RESERVE FUND AND OTHER RESERVES:		
Reserve Fund (including under Sec. 17 of the Banking Companies Act) ..		86,50,000 0 0
DEPOSITS AND OTHER ACCOUNTS:		
Fixed Deposits ..	15,17,47,579 12 11	
Savings Bank Deposits ..	3,78,52,919 2 8	
Current Accounts, Contingency Accounts, etc. ..	21,46,17,721 11 3	40,42,18,220 10 10
BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC.:		
(i) In India ..	3,81,50,000 0 0	
(ii) Outside India ..	10,80,000 0 0	3,92,30,000 0 0
Particulars:		
(i) Secured by part of Investments per contra ..	3,57,80,000 0 0	
(ii) Unsecured ..	34,50,000 0 0	
BILLS PAYABLE ..		40,69,781 5 1
BILLS FOR COLLECTION BEING BILLS RECEIVABLE as per contra:		
(i) Payable in India ..	1,98,76,508 14 1	
(ii) Payable outside India ..	2,18,49,433 13 9	4,17,25,942 11 10
OTHER LIABILITIES:		
(i) Branch adjustments ..	1,34,64,154 12 2	
(ii) Unclaimed Dividends etc. ..	2,09,664 2 2	1,36,73,818 14 4
ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS per contra (Includes Guarantees of Rs. 4,46,524-6-3 issued to Govt. Departments; Securities in full lodged with Reserve Bank of India and Imperial Bank of India)		8,89,43,638 9 11
PROFIT AND LOSS:		
Profit as per last balance sheet ..	9,52,320 7 3	
Less Dividend ..	8,00,000 0 0	
	1,52,320 7 3	
Add Profit for the year (Subject to Taxation) ..	31,06,404 1 6	
	32,58,724 8 9	
Less Appropriations made:		
To Reserve Funds Rs.	6,50,000 0 0	
To Reserve for Taxation ,,	12,50,000 0 0	
To Bonus to Staff ,,	2,50,000 0 0	21,50,000 0 0 11,08,724 8 9
CARRIED OVER ..		62,16,20,126 12 9

Bank, Limited.

31st December, 1954.

PROPERTY AND ASSETS	Rs. As. Ps.	Rs. As. Ps.
CASH:		
In hand and with Reserve Bank and Imperial Bank (Including foreign currency notes) ..		3,66,93,548 10 9
BALANCES WITH OTHER BANKS: (Including Foreign Government Treasuries)		
On current account		
(i) In India ..	10,45,413 4 9	
(ii) Outside India ..	2,10,33,314 4 1	2,20,78,727 8 10
MONEY AT CALL AND SHORT NOTICE ..		20,00,000 0 0
INVESTMENTS: (at below market value)		6,07,72,276 3 7
(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments ..	14,53,92,410 11 6	
(ii) Shares:		
Fully Paid preference shares Rs.	55,000 0 0	
Fully Paid ordinary shares ,,	5,25,421 11 9	
Shares in Imperial Bank:		
Fully Paid ,,	16,63,965 0 0	
Partly Paid ,,	3,51,287 8 0	25,95,674 3 9
(iii) Debentures or Bonds ..	12,73,750 0 0	
(iv) Securities of the U.S.A., Burma, Malaya and Pakistan Governments and Foreign Trustee Securities ..	2,23,16,133 0 9	
(v) Gold ..	..	17,15,78,018 0 0
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.	13,70,35,089 3 10	
(ii) Outside India ,,	2,36,78,196 1 0	16,07,13,285 4 10
(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)		
(i) Payable in India Rs.	4,18,40,311 3 2	
(ii) Payable outside India ,,	4,38,95,985 4 2	8,57,36,296 7 4 24,64,49,581 12 2
CARRIED OVER ..		47,87,99,875 15 9

* For particulars, see the last page of the Balance Sheet.

The United Commercial

Balance Sheet as at

CAPITAL AND LIABILITIES	Rs.	As. Ps.	Rs.	As. Ps.
BROUGHT FORWARD ..			62,16,20,126	12 9
CONTINGENT LIABILITIES :				
(i) Claims against the banking company not acknowledged as debts Rs. 2,44,320-1-7				
(ii) On Foreign Bills Re-discounted Rs. 72,33,741-0-9 of which upto 28-2-55 Rs. 41,82,805-13-1 have run off.				
(iii) Forward Exchange Contracts outstanding for the purchase and sale of Bills and Telegraphic Transfers Rs. 17,74,56,482-15-8 for which upto 28-2-55 Rs. 7,44,75,584-8-8 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. ..			62,16,20,126	12 9

Bank, Limited.

31st December, 1954.

PROPERTY AND ASSETS	Rs.	As. Ps.	Rs.	As. Ps.
BROUGHT FORWARD ..			47,87,99,875	15 9
BILLS RECEIVABLE BEING BILLS FOR COLLECTION as per contra:				
(i) Payable in India ..	1,98,76,508	14 1		
(ii) Payable Outside India ..	2,18,49,433	13 9	4,17,25,942	11 10
CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS per contra ..			8,89,43,638	9 11
PREMISES LESS DEPRECIATION :				
Cost as per last balance sheet ..	14,44,710	12 9		
Additions during the year ..	17,545	6 0		
	14,62,256	2 9		
Less depreciation written off to date ..	2,28,723	13 9	12,33,532	5 0
OTHER LAND AND BUILDINGS :				
Cost as per last balance sheet ..	14,93,133	7 2		
Additions during the year ..	21,772	4 0		
	15,14,905	11 2		
Less depreciation written off to date ..	1,45,374	7 2	13,69,531	4 0
FURNITURE AND FIXTURES LESS DEPRECIATION : (including vehicles and equipment)				
Cost as per last balance sheet ..	52,70,864	15 7		
Additions (Rs. 4,35,477-12-2) **Less** deductions ..				
(Rs. 37,329-10-11) during the year ..	3,98,148	1 3		
	56,69,013	0 10		
Less depreciation written off to date ..	29,34,325	5 3	27,34,187	11 7
OTHER ASSETS, INCLUDING SILVER :				
(i) Interest accrued on Investments ..	17,08,657	7 1		
(ii) Estimated amount of refund of Income-tax (Income-tax assessment for six years 1949 to 1954 not yet completed)	41,95,912	8 2		
(iii) Stamps, Stationery and Library ..	9,08,848	3 5		
(iv) Silver ..	..		68,13,418	2 8
NON-BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS ..			..	
PROFIT AND LOSS ..			..	
TOTAL RS. ..			62,16,20,126	12 9

The United Commercial

Profit and Loss Account for the

EXPENDITURE		Rs.	As.	Ps.
Interest paid on deposits, borrowings etc.	..	76,47,996	8	9
Salaries and Allowances and Provident Fund including salaries and allowances of General Manager Rs. 1,11,000/-*	..	70,16,671	10	7
Directors' (Rs. 31,950) and Local Committee members' fees and allowances	..	43,650	0	0
Rent, Taxes, Insurance, Lighting, etc.	..	11,60,337	0	5
Law charges	..	1,42,150	0	6
Postage, Telegrams and Stamps	..	4,46,542	0	0
Auditors' fees for statutory and periodical audits	..	96,611	13	1
Depreciation on and repairs to the Banking Company's property	..	6,44,130	4	3
Stationery, Printing, Advertisement, etc.	..	6,52,404	2	11
Loss from sale of or dealing with non-banking assets	..	..		
Other Expenditure	..	7,73,923	0	11
Balance of Profit (Subject to Taxation)	..	31,06,404	1	6
TOTAL Rs.	..	2,17,30,820	11	11

* In addition Rs. 24,000/- being increment for 1953 accepted during the year, has been paid.

Note: Rs. 9,051-3-0 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, 1954 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 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, 1918.

CALCUTTA, 4th March, 1955.

G. P. KAPADIA & CO.
K. N. GUTGUTIA & CO.
RAY & RAY
} CHARTERED ACCOUNTANTS

Bank, Limited.

Year Ended 31st December, 1954.

INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)		Rs.	As.	Ps.
Interest and Discount	..	1,42,41,592	0	3
Commission, Exchange and Brokerage	..	73,16,624	10	4
Rents	..	1,15,545	12	10
Net profit on sale of investments, gold and silver, land, premises and other assets	..	55,300	3	6
Net profit on revaluation of investments, gold and silver, land, premises and other assets	..	..		
Income from non-banking assets, and profit from sale of or dealing with such assets	..	..		
Other receipts	..	1,758	0	0
Loss	..	..		
TOTAL Rs.	..	2,17,30,820	10	11

Particulars of Advances:

(i)	Debts considered good in respect of which the banking company is fully secured	Rs.	19,61,86,450	11	11		
(ii)	Debts considered good for which the banking company holds no other security than the debtors' personal security	„	2,17,12,203	8	2		
(iii)	Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	„	2,85,50,927	8	1		
(iv)	Debts considered doubtful or bad, not provided for	„	Nil				
	TOTAL	Rs.	24,64,49,581	12	2		
(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. 4,45,65,753 2 5 Secured by personal liability of borrowers Rs. 4,02,202 9 6	Rs.	1,66,500	0	0		
(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	„	4,49,67,955	11	11		
(ix)	Due from banking companies	„	8,08,435	0	11		

G. D. BIRLA
Chairman

B. T. THAKUR
General Manager

I. P. Goenka
A. C. Law
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

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BRITISH OVERSEAS AIRWAYS CORPORATION

Company Meeting

THE KOHINOOR MILLS COMPANY LIMITED

Speech delivered by Mr. E. D. Sheppard, Chairman of The Kohinoor Mills Company Limited.

Gentlemen,

I expressed the hope when I last addressed you that wiser counsels would prevail all over the world and some lasting agreement would be reached among nations for the preservation of world peace. During the course of the year we saw the end of the war in Indo-China and, once again, India was in the forefront of those who were attempting to bring about an armistice in this war-torn area. When finally an armistice was signed, a three-nation committee was set up under the Chairmanship of India to undertake the onerous task of partitioning of the country, evacuation of contending forces, repatriation of prisoners-of-war and general rehabilitation. Once again it has been proved that the Indian Army is second to none in its impartiality, its discipline and its efficiency in dealing with difficult situations. It would seem, however, that we are not yet free from the attentions of the many-headed hydra of war as no sooner was Indo-China reprieved, than trouble started between the two Chinese governments, and the People's Army has started its offensive against the Nationalist Chinese Government in Formosa. The world situation is again explosive, and it is to be fervently hoped that this issue will be localized and will not evolve into a wider conflict. The Prime Minister of India along with others is sparing no effort to bring about a peaceful solution of this vexed problem.

Nearer home I am afraid the situation remains a stalemate. Despite meetings between the Prime Ministers of India and Pakistan, the setting up of Joint Commissions, etc., the problem of an understanding between these two neighbours eludes solution. There is little improvement in trade between the two countries, and they still go their several ways, with a consequent strain on both their economies.

At home, during the course of the year, there was a definite improvement in economic conditions and, after many years, India achieved self-sufficiency in food with the consequent abolition of rationing all over the country. There has been a progressive fall in the prices of foodstuffs but, unfortunately, this fall has not been reflected in the cost of living index compiled by the Government of Bombay. This is difficult to understand.

A plentiful monsoon saw the end of the bogey of electric power rationing. Furthermore, after years of deliberation, the Government of Bombay at last gave the green light to Tatas for the erection of the second-half of their thermal power station of 100 MWS at Trombay. The commissioning of further sets in the Government/Railway Power House at Kalyan has further eased the situation and, at the present time, power is fairly freely available for all normal expansion of industry. Early this year, the Government also started work on their Koyna Hydro-Electric Scheme, and it would now seem that, for some years to come, at least Bombay will not again be handicapped, as it has been in the recent past, by a shortage of that essential for economic growth and expansion—the watt. In the wider context, the first Five-Year Plan is nearing completion and the second is getting under way. With the setting up of major industries like Steel and Chemical Works, Oil Refineries and the development of rive projects, India is making a start towards its goal of economic and industrial self-sufficiency.

Turning now to the Mill Industry, conditions during the year under review were not quite so good as in the previous year. Although a fairly satisfactory demand for cloth and yarn continued, there was a definite downward tendency in prices and this became more marked towards the end of the year. The off-take from your Mills was as good as could be expected in the circumstances, and they also had their fair share of the export trade where the demand continued to be good. The export duty on coarse counts continued throughout the year but has recently, under the new budget, been reduced to 6¼ from 10 per cent. This should improve the demand for export, but Government have seen fit to enhance the excise duties for local consumption. Whereas, before there were four categories, superfine, fine, medium and coarse, these have been reclassified into two, superfine and others. The duty on superfine remains at 2½ annas, fine goes down from 1½ annas to 1 anna, coarse and medium are enhanced from 6 pies to 1 anna. The duties previously leviable on the linear yard will henceforth be applicable to the square yard. The effect of these changes is very serious, they would cost your Company Rs. 8 lakhs per annum, and the Millowners' Association is sparing no effort to persuade Government to revise their policy and reduce this extra impost levied on your industry. The additional excise of 3 pies per yard for the development of the handloom industry continues. It would also seem that the policy of Government is to ban or, in any case, to restrict the installation of extra loomage, although they are prepared to sanction increases in spindleage.

Apart from the additional levies on the textile industry the budget proposals are of unusual severity especially in regard to direct personal taxation. I recall that two years ago, Mr. Butler, the Chancellor of the Exchequer, in presenting his budget to the House of Commons, after referring to the "numbing effect of execessive direct taxation", said "We must banish the hopeless feeling that extra effort is not worth while". He then proceeded to reduce the rate of income-tax. The progress made by the United Kingdom since then is a clear vindication of the policy of alleviating direct taxation and the concessions then given have most certainly paid good dividends.

Unfortunately in India the recent proposals of the Finance Minister have brought "the hopeless feeling" to business executives all over the country, and indeed many may be excused for wondering whether any effort is now worth while.

You all know the story of the man who killed the goose that laid the golden egg. In the context of those embarking on new ventures it now seems that the Government of India is proposing to strangle the goosling before it can reach the stage of laying an egg at all!

Let us hope that the Finance Bill will emerge from the Select Committee with at least some incentive restored to honest industrialists to develop and expand their undertakings so that India may enjoy the benefits of increased production and employment.

I would like to mention one point of very great interest to you all. Very recently, the Appellate Tribunal of the Industrial Court awarded an extra 5 per cent to mill labour on the bonus paid to them in respect of the year 1952. This has cost the industry a sum approximating Rs. 50 lakhs. Furthermore, the Tribunal has also enhanced the rate of dearness allowance payable in the following manner:

Between	C.L.I.	325-325	..	5 per cent
„	„	336-350	..	7½ „
Above	„	350	..	10 „

This measure will cost your Company Rs. 8 lakhs and the industry approximately Rs. 2 crores per annum, as long as the index figure remains above 350.

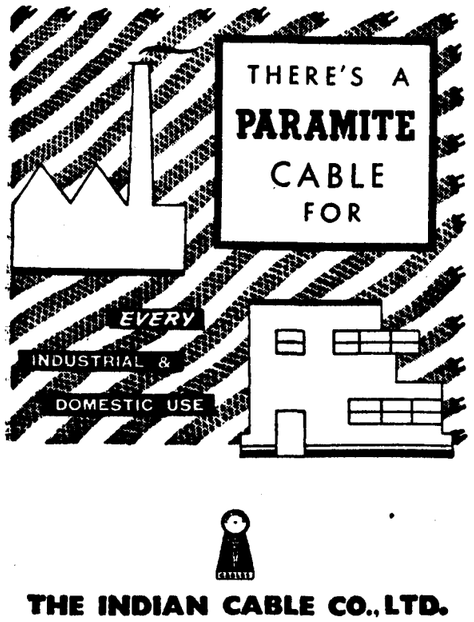
In this connection I would refer you to the remarks I made earlier in the speech. Although the rates of most commodities have declined sharply, the Bombay City cost of living index has even at times increased. To take a comparison, until recently the D.F.A. in Ahmedabad was about Rs. 20 higher than in Bombay, but in the last few months it has gone considerably below the Bombay level. I for one cannot see any reason for this increase in Bombay City alone and hope that Government will institute a searching enquiry into the method of compiling this index figure.

As regards prospects for the future, I do not look for any marked change as far as your Company's affairs are concerned. The new Excise rates and the increased dearness allowance will of course reduce the potential profits to some extent. On the other hand, your Mills remain in a strong financial position and with the programme of modernisation and rehabilitation nearing completion, the benefits which it is hoped will be derived therefrom should soon become apparent. I would mention here that the limit of development has now been reached in the present Mill premises and if it is decided that further expansion is desirable in the interests of your Company, then additional property will have to be acquired.

This will require careful consideration and one cannot escape the feeling that should the level of profit rise, then the lion's share will fall to the predations of Industrial Courts and that Excise enthusiast, the Finance Minister.

Before I conclude, I know you would wish me, on behalf of you all, to thank all the staff both at the Mills and in the Head Office for their hard work throughout the year. That so much erection and re-arrangement of machinery could have been carried out without loss of production indeed calls for congratulations.

Our Selling Agents have served us well in a difficult year and deserve our gratitude.



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
April 1954 ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May „ c ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June „ c ..	343.2	441.0	355.6	378.7	647.3	381.6	90 3	100.9	88.5	106.9
July „ c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August „ c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November „ c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December „ c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February „ c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
Week Ending										
5-2-1955 ..	303.4	428.5*	340.8	376.8	549.6	359.9	90.6	100.7	88.3	115.4
12-2-1955 ..	308.5	444.1*	340.1*	377.8*	561.8*	364.5*	90.6	100.8	88.2	114.4
19-2-1955 ..	304.9	438.8	340.8*	376.6*	563.7	362.3*	90.6	100.7	88.1	113.5
26-2-1955 ..	300.5	433.0*	337.2	376.1	559.0	358.8	90.6	100.7	88.1	113.5
5-3-1955 ..	301.1	425.9	335.7	376.8	556.0	357.9	90 6	100.9	87.5	114.1

†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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	122	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	—	341	—	—	—
1954 February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	—	337	—	—	—
1955 January	335	352	—	132	324	372	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	12-3-1955			5-3-1955			26-2-1955			19-2-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-12	93- 1	93- 6	93-11	92- 4	93- 1	93-10	91- 6	92- 9	94- 5	92- 9	93- 8
Silver (per 100 fine tolas)	168-10	166- 6	167- 9	166- 7	163-15	166-2	166- 4	162- 6	164- 3	164-15	162-12	163-14

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	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	1,186,40
1951-52*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
Average of Fridays										
July 1954	1,163,71	35,99	1,199,50	40,02	638,15	678,17	56.52	100,31	421,22	1,199,50
August ,,	1,149,93	32,78	1,182,71	40,02	618,15	658,17	55.65	103,42	421,22	1,182,71
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,63	22,11	1,220,24	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,15	695,72	56.33	104,27	434,90	1,226,51
February ,,	1,239,39	12,46	1,251,84	40,02	663,15	703,17	56.17	103,47	445,21	1,251,84
Week Ending										
4-2-1955	1,231,82	12,79	1,244,61	40,02	663,15	703,17	56.50	103,82	437,63	1,244,61
11-2-1955	1,242,57	11,44	1,254,01	40,02	663,15	703,17	56.07	103,10	447,74	1,254,01
18-2-1955	1,241,16	13,04	1,254,19	40,02	663,15	703,17	56.07	103,29	447,74	1 254,01
25-2-1955	1,241,99	12,57	1,254,56	40,02	663,15	703,17	56.05	103,66	447,74	1,254,01
4-3-1955	1,265,56	7,34	1,272,91	40,02	673,15	713,17	56.03	102,00	457,74	1,273,91
11-3-1955	1,281,19	10,73	1,291,92	40,02	678,15	718,17	55.59	101,11	472,64	1,291,92

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34,21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,99	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
Average of Fridays														
July ,,	121,13	20,39	46,82	36,55	224,91	26,96	261,88	36,21	1,76	103,01	7	19,84	93,06	1,73
August ,,	126,46	14,64	56,51	35,01	232,60	23,98	266,60	33,02	3,02	112,99	1,41	16,86	93,11	6,20
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,77	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,99	257,31	23,63	4,21	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,11	34,42	179,42	21,44	210,86	22,56	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,96	15,45	61,48	34,01	164,95	20,97	196,89	15,19	3,45	74,99	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,14	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
Week Ending														
4-2-1955	48,84	19,36	54,89	34,16	157,24	23,46	190,70	13,03	2,22	71,72†	95	21,26	69,59	11,93
11-2-1955	52,58	11,08	48,78	34,03	146,47	25,93	182,40	11,76	2,23	69,30†	1,24	21,81	64,05	12,02
18-2-1955	51,74	14,12	51,08	34,07	151,01	27,17	188,18	13,26	1,89	68,59†	1,20	20,47	68,25	14,52
25-2-1955	51,87	22,68	48,36	34,32	157,23	27,99	195,22	12,84	4,48	65,50†	91	24,19	66,99	20,29
4-3-1955	52,61	18,65	46,14	22,08	139,47	29,87	179,34	7,48	7,39	58,25†	1,20	28,61	55,75	20,66
11-3-1955	55,22	18,51	48,47	21,68	143,88	28,58	182,46	10,94	7,90	52,73†	1,20	37,44	51,36	20,99

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

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Average of Fridays										
November 1952 ..	542,19	318,51	860,70	32,81	55,14	10.22	426,22	26,65	52.62	321,54
December ,, ..	535,07	317,85	852,92	33,42	44,65	9.15	432,43	28,08	53.99	327,66
January 1953 ..	526,17	315,26	841,44	34,14	45,08	9.41	450,25	32,29	57.35	313,69
February ,, ..	526,03	315,32	841,35	32,64	43,06	9.00	459,73	40,96	59.51	303,13
March ,, ..	530,19	313,43	843,61	32,58	41,66	8.80	465,93	52,18	61.42	302,29
April ,, ..	541,81	317,11	858,91	32,94	44,49	9.01	469,89	58,62	61.53	301,43
May ,, ..	529,18	322,18	851,36	31,91	39,92	8.44	473,54	60,87	62.77	300,46
June ,, ..	527,17	324,95	852,11	33,22	39,94	8.59	464,10	58,38	61.32	309,77
July ,, ..	532,42	328,21	860,64	31,86	42,99	8.70	443,69	52,83	57.69	314,39
August ,, ..	527,25	329,39	856,64	30,56	44,55	8.77	430,70	49,09	56.01	323,14
September ,, ..	525,51	330,22	855,73	31,12	48,48	9.30	422,67	43,68	54.50	331,04
October ,, ..	527,00	332,50	859,50	31,11	53,01	9.78	417,26	39,55	53.15	336,85
November ,, ..	525,93	334,01	859,94	32,18	55,21	10.15	414,71	39,76	52.96	338,57
December ,, ..	523,72	332,41	856,13	31,83	51,10	9.68	412,87	42,06	53.15	337,21
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	325,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	320,55
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	318,19
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	316,86
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,65
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,97
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558,13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,334
February ,, ..	585,47	370,53	956,00	32,16	49,63	8.58	494,74	84,46†	60.58	354,09
Week Ending										
20-8-1954 ..	555,77	350,47	906,24	29,96	58,80	9.80	441,03	82,18†	57.73	339,20
27-8-1954 ..	562,13	350,62	912,75	31,08	61,77	10.17	438,83	81,30†	56.98	339,83
3-9-1954 ..	557,92	351,87	909,79	30,37	65,08	10.49	446,13	79,34†	57.76	342,63
10-9-1954 ..	558,60	351,12	909,72	33,04	58,33	10.04	446,76	77,82†	57.66	345,78
17-9-1954 ..	558,35	350,66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347,96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,20
8-10-1954 ..	554,74	350,15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443.97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572,22	364,73	936,95	34,60	66,02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939,15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367,14	939,70	32,25	58,16	9.62	476,03	76,67†	58.82	351,13
21-1-1955 ..	582,91	368,61	951,51	32,95	61,77	9.95	475,00	80,44†	58.38	352,36
28-1-1955 ..	579,97	370,43	950,39	33,94	57,88	9.66	481,02	78,96†	58.92	352,79
4-2-1955 ..	581,99	369,17	951,16	32,77	54,97	9.22	489,31	80,62†	59.92	354,47
11-2-1955 ..	580,91	370,95	951,87	32,00	47,59	8.36	495,91	79,25†	60.42	355,24
18-2-1955 ..	590,91	371,37	962,28	32,06	49,21	8.45	494,80	87,46†	60.51	354,33
25-2-1955 ..	588,07	370,62	958,69	32,82	46,76	8.30	498,94	90,49†	61.48	352,31
4-3-1955 ..	583,18	371,29	954,48	33,29	45,65	8.27	505,24	96,40†	63.03	347,48
11-3-1955 ..	582,97	376,47	959,44	34,47	46,19	8.41	506,72	102,46†	63.49	347,46

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

JUTE STATISTICS

JUTE CROP FORECASTS
(Government of India & East Bengal)

	Prelim. Area (660) acres	Final Forecast		
		Area (000 acres)	Crop (000 bales)	Bales per acre
1951-52 Total	36.59	37.30	110.09	2.95
East Bengal	18.69	17.79	63.31	3.56
West Bengal	7.5	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	56.32	2.88
East Bengal	7.89	7.60	25.03	3.29
West Bengal	5.89	5.50	15.36	2.79
Rest of India	6.85	6.46	15.93	2.46
1954-55 Total	26.38	24.23	58.61	2.42
East Bengal	13.04	11.50	27.01	2.35
West Bengal	5.84	5.48	14.65	2.67
Rest of India	7.50	7.25	16.88	2.33

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 ..	3,724	11,428	3.07
1953-54 ..	1,956	5,631	2.88

SUPPLY AND DISTRIBUTION OF JUTE
1953-54 & 1954-55

Supply	1953-54 lakh bales	1954-55 lakh bales.
OPENING STOCKS—		
i. J. M. A. Mills godown stocks		
a. West Bengal Mills ..	11.20	16.89
b. Mills outside West Bengal (estimate) ..	2.42	0.43
Indian Carry Forward (estimate)	2.13*E*	7.00
Pakistan Carry Forward (estimate) ..	0.43*E*	15.00
	16.18	33.32
Indian Union Jute crop (trade estimate) ..	31.28	35.00
Pakistan crop (Trade estimate)		46.00
Indian Union Mesta crop (trade estimate) ..	15.06*R*	7.00
Total Supply ..	62.52	121.32
DISTRIBUTION :-		
Mill Consumption :-		
1. I. J. M. A. Mills estimate ..	50.32*E*	58.30
2. Outside Mills estimate ..	1.97*E*	2.04
	52.29	60.34
Indian Domestic Consumption (estimate) ..	1.00*E*	1.00
Pakistan Exports Overseas (estimate) ..	..	35.00
Pakistan Domestic Consumption (estimate) ..	..	7.00
Total Distribution ..	53.29	103.34
Carry over at end of season ..	12.25	17.98

(E) Estimated.
(R) Revised.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingunj		Calcutta				GUNNIES	
	Jute: Mill		JUTE					
			Assam		Pak. Jute		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
1954-55	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
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
1954-55								
6th September ..	20 0	17 0	29 0	26 0	33 0	29 0	46 12	117 8
13th ,, ..	19 0	16 0	28 8	25 8	32 0	28 0	45 10	114 12
20th ,, ..	19 0	16 0	30 0	27 0	33 0	29 0	46 6	116 12
27th ,, ..	22 0	19 0	29 8	26 8	33 0	29 0	45 14	116 8
8th October ..	22 8	19 8	29 8	26 8	33 0	29 0	43 12	114 0
13th ,, ..	25 0	22 0	29 8	26 8	33 8	29 8	44 8	114 14
18th ,, ..	25 0	22 0	29 8	26 8	33 8	29 8	45 0	114 12
26th ,, ..	24 0	21 0	29 8	26 8	33 8	29 8	44 9	112 10
1st November ..	—	—	30 0	27 0	34 0	30 0	45 9	117 8
8th ,, ..	25 0	22 0	31 8	28 8	35 8	31 8	46 4	120 10
15th ,, ..	25 8	22 8	31 0	28 0	35 8	31 8	46 0	120 8
22nd ,, ..	25 8	22 8	32 0	29 0	36 0	32 0	45 9	124 10
29th ,, ..	25 8	22 8	34 0	31 0	37 0	33 0	45 8	128 0
6th December ..	26 0	23 0	33 8	30 8	37 0	33 0	45 0	125 0
13th ,, ..	26 0	23 0	32 8	29 8	36 8	32 8	44 0	117 14
20th ,, ..	24 0	21 0	32 8	29 8	36 8	32 8	43 12	117 2
27th ,, ..	24 0	21 0	32 8	29 0	36 0	32 0	43 8	116 10
3rd January ..	24 0	21 0	33 8	30 8	37 0	33 0	44 2	120 8
10th ,, ..	25 8	22 8	36 8	33 8	39 0	35 0	45 9	122 4
17th ,, ..	26 8	23 8	37 0	34 0	41 0	37 0	46 10	125 2
24th ,, ..	26 8	23 8	38 8	35 8	42 0	38 0	47 0	123 12
31th ,, ..	26 8	23 8	38 0	35 0	42 0	38 0	46 14	123 4
Highest, 1954-55 ..	26 8	23 8	38 8	35 8	42 0	38 0	48 2	128 0
Lowest, 1954-55 ..	17 0	14 0	24 0	21 0	27 0	23 0	43 8	103 8

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.
1950	123	100	106	193	99	130
1951	143	108	116	268	110	146
1952	150	110	126	273	107	149
1953	160	111	130	277	105	149
1954	..	112	132	..	106	150
1953 January ..	153	111	128	272	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 ..	166	112	130	282	105	149
1954 January ..	169	112	130	288	106	149
February ..	170	112	130	289	106	149
March ..	170	112	131	287	106	150
April ..	171	111	132	277	106	150
May ..	170	112	131	280	106	151
June ..	171	112	132	277	105	152
July ..	172	112	134	278	106	150
August ..	172	112	133	275	106	150
September ..	171	112	133	275	105	150
October ..	173	111	134	274	105	150
November ..	169	111	134	270 (2)	105	151
December ..	..	111	135	..	105	152

(1) New series (base 1951=100) linked to the old at January 1951.
(2) New series (base 1952=100) linked to the old index at 1952.

Source: U.S. Monthly Bulletin of Statistics.

LATEST CROP ESTIMATES

Crop	Estimate		Acres 100	Area: Increase +or decrease —over the corresponding estimate of the per cent	Tons 000	Yield: Increase +or decrease —over the corresponding Estimate of the previous year per cent
Food grains:						
Rice	First	1954-55	62.630	—7.7	..	..
Wheat	Final	1953-54	26,098	+7.5	7,792	+5.5
Jowar	First	1954-55	26.366	—2.4	..	..
Bajra	First	1954-55	25,174	—5.5	..	..
Maize	First	1954-55	8,927	+1.2	..	..
Ragi	First	1954-55	5,045	+1.3	..	..
Barley	Final	1953-54	8,190	2.2	2,721	—4.5
Gram	Final	1954-55	18,893	+4.9	4,551	+9.3
Sugar Cane ..	Second	1954-55	3,617	+3.3	4,729	+12.7
Oil Seeds						
i. Edible—						
Sesamum	Second	1954-55	4,540	+0.1	..	..
Groundnut	Second	1954-55	10,832	+7.8	..	..
Rape & Mustard ..	First	1953-54	2,244	—2.7	..	..
ii. Non-edible						
Linseed	Frist	1954-55	2,441	—2.4	..	..
Castorseed	Final	1953-54	1,368	+0.8	107	+0.9
Fibres:						
Cotton	Third	1954-55	16,116	+7.4	3,657	+10.9
Jute	Final	1954-55	1,273	+6.4	3,153	+6.8
Other Crops:						
Tobacco	Final	1953-54	890	—0.6	256	+6.2
Potato	Final	1953-54	648	+3.2	1,965	+0.5

Source: Ministry of Food and Agriculture.

"INDIA'S IMPORTS OF MINERAL OIL"

(Figures in thousand)

	Quantity (Gallons)				Value (Rupees)			
				April—				April—
	1951-52	1952-53	1953-54	Dec.-1954	1951-52	1952-53	1953-54	Dec.-1954
Kerosene—								
From Bahrein Islands ..	54,491	62,761	58,641	52,180	33,822	52,447	54,276	47,171
„ Singapore ..	5,375	6,674	15,650	4,717	4,008	3,965	14,123	4,072
„ Saudi Arabia ..	36,144	84,229	70,309	62,043	26,119	68,813	63,825	58,892
„ United States of America ..	32,548	62,587	84,967	53,630	24,762	54,222	78,317	50,488
„ Netherlands Antilles	2,745	20,741	21,328	4,338	2,080	17,907	19,935	4,191
„ Other countries ..	132,215	27,715	48,328	46,967	101,289	21,177	44,345	41,365
TOTAL ..	254,518	264,707	299,223	223,875	192,080	218,531	274,811	206,179
Fuel Oils—								
Diesel Oils ..	162,268	156,694	166,474	164,330	90,102	94,449	109,127	113,659
Other Fuel Oils ..	206,291	161,002	195,206	127,039	58,220	54,685	79,453	51,701
Total of Fuel Oils—								
From United Kingdom ..	7,443	42,130	60,228	42,500	2,430	15,147	25,681	17,277
„ Bahrein Islands ..	36,827	86,012	91,587	101,331	16,178	38,414	48,799	60,022
„ Saudi Arabia ..	54,904	37,465	51,436	47,,732	25,945	20,036	31,555	33,101
„ Saudi Arabia ..	88,014	78,570	85,036	70,277	37,034	38,942	45,013	38,428
„ United States of America ..	5,281	23,745	15,474	1,822	2,122	13,198	9,152	1,320
„ Other countries ..	176,088	49,773	57,917	27,705	64,611	23,395	28,378	15,221
TOTAL ..	368,157	317,695	361,678	291,370	148,320	149,132	188,578	165,361
Lubricating Oils—								
Batching Oils								
From Singapore ..	..	18,338	15,153	11,675	..	15,315	11,580	8,468
„ Other Countries ..	14,638	2,999	1,147	4,642	11,722	2,542	762	3,690
TOTAL ..	14,638	21,337	16,300	16,317	11,722	17,857	12,342	12,158
Other Lubricating Oils—								
From United Kingdom ..	2,695	3,345	1,329	2,204	9,901	10,169	4,819	7,270
„ United States of America ..	26,998	32,372	16,020	14,782	76,086	94,125	35,585	31,507
„ Other Countries ..	4,311	4,020	3,660	14,555	11,870	8,926	7,162	18,910
TOTAL ..	34,004	39,737	21,019	31,543	97,857	113,220	47,566	57,687
Total of Lubricating Oils ..	50,642	61,074	37,319	47,860	109,579	131,007	59,908	69,845
Petroleum, Dangerous flashing below 76°F. including petrol Benzine and Benzol (a) ..	..	..	..	..	..	..	..	..
Motor Spirit (including aviation Spirit)—								
From Bahrein Islands ..	53,410	82,210	63,583	45,654	49,39[illegible]	83,118	67,695	48,963
„ Singapore ..	10,378	5,116	12,561	8,449	9,910	4,469	19,948	13,392
„ France ..	3,154	55,052	22,198	5,692	2,402	55,469	23,624	6,002
„ Italy ..	7,724	32,821	69,229	21,717	6,347	37,262	74,961	22,583
„ Saudi Arabia ..	39,700	37,666	35,763	28,555	36,146	39,242	38,899	34,557
„ United States of America ..	956	23,025	40,284	8,792	1,014	24,809	54,635	12,653
„ Other Countries ..	135,757	7,510	26,048	58,833	138,471	7,458	29,197	59,851
TOTAL ..	251,079	243,400	269,666	172,692	243,680	249,627	308,959	200,000
Other than Motor Spirit (a)	4,272	4,856	..	..	4,829	7,397	..	..
Other Sorts (b) ..	..	..	3	1,284	..	..	6	949
TOTAL of Petroleum ..	255,351	248,256	269,669	173,976	248.509	257,024	308,965	200,949
Paints, Solutions and Compositions, Dangerous Flashing Below 76°F ..	148	76	4	8	2,539	775	81	103
White Oils ..	..	..	..	6	....	1	..	47
Other Kinds ..	3,293	5,863	10,562	6,100	8,153	10,445	12,835	8,789
Total of Mineral Oils Other than Kerosine Oil ..	676,000	632,975	279,244	546,360	517,110	550,664	570,377	496,786
Total Including Share of Mineral Oils	930,520	900,685	978,381	743,196	709,194	769,199	845,200	651,234

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. XXIV. NO. 13. NEW DELHI: APRIL 1, 1955. ONE RUPEE

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Proclamation in Pakistan

THE proclamation by the Governor-General of Pakistan of a State of Emergency on March 27 would have caused great surprise if the habit of proclamations of the Governor-General of Pakistan had not been exercised in the last two years frequently enough to encourage the belief that states of emergency in Pakistan are now becoming the normal method of resolving constitutional crises. The new ordinance issued on

March 27 vests the Governor-General with powers to take all necessary steps to frame a constitution for Pakistan. The Governor-General has also validated by ordinance thirtyfive Acts and, at one fell stroke, has brought into being the new State of West Pakistan. All these are dramatic events, and it surely will not be contended that they lack in any measure swiftness of action or boldness of conception. Unhappily, political impasses are not necessarily resolved by swift or bold action. Seeing that it may be ineffective in a relatively short period, this peremptory assumption of powers by the Governor-General employing the dangerous means of totalitarian administration will probably not even be justified on the theory that the end justifies the means.

It is not necessary to deny the advantages of the new State of West Pakistan in the temporary elimination of "regionalism". There is no doubt that for the short period it will be possible to eliminate what have been described as the evils of provincialism which have without doubt hindered development in West Pakistan. There will be some impressive economic gains. In paragraph 16 of the communique, it is stated that one of the objects of the new moves is "that it will enable the Government to proceed rapidly with the development of this vast area as a single economic unit which nature had designed to be one. The existence of several separate Provincial and State authorities in this area had often frustrated Government efforts to that end. It will now be possible to set up a West Pakistan Power and Project Authority to which major development projects will be entrusted." This is a vital new instrument of economic development, the significance of which should not be underrated. It is known that political factors have been as great hindrances in West Pakistan as they once were in undivided India of which one may say, cynically, in the words of the Pakistan communique, that "it was a single economic unit which nature had destined it to be". It is not necessary now to make the debating point that it is the decline of political separatism—not a little of which figures in Muslim League politics—that has prevented nature from carrying out its grand design both in India and in West Pakistan. The significance of the new authority in West Pakistan is that, contrary to the political current, over one large area of the Indian subcontinent, a return has been attempted to bureaucratic administration. It is not because of any current prejudice against bureaucracy only that one should express doubts if this move will succeed. The power of the people even in Pakistan is a fact. The attempt to strengthen the hands of Divisional Commissioners is not necessarily a retrograde move; but even this salutary measure is likely to be effective only over a short duration. Students of political history who have watched sometimes without enthusiasm the powerful popular current of our time will be tempted to say at once that these moves, dramatic and even productive and profitable in the short period, are doomed to fail in the long run.

This is the major comment to be made on recent political happenings in Pakistan. Time and again the same small ruling clique has attempted, largely through the great capacity of the Governor-General, to put off the day of transfer of power to the people. Even if this ruling clique had remained united—which it has not largely because of jealousies between East and West and between the Punjab and the rest of West Pakistan—government by bureaucrats would have failed in time. The fact that deep differences in the ruling factions exist means the experiment is further foreshortened in the tract of time. The proclamation of emergencies is no permanent escape from the unpalatable political fact that political stability can only be found in the people over the widest possible range.

It is this vital fact that stability will only come to Pakistan when the State reclines on the sovereign power of its people that is underlined each time the Governor-General acts as he has now done. It is arguable that each time the Governor-General exercises his emergency powers he is in fact undermining his own armoury, for emergency powers in Pakistan are now beginning to wear a tired, and even a grostesque, look. In many countries outside Pakistan these ordinances are received with a cynical smile which is an indication that in Pakistan government by decree is losing respectability in the world.

What can be done to persuade the able, but misguided, men around the Governor-General that they are battling against hopeless odds in a vain attempt to keep power away from the true representatives of the people? There is at least one leaf that they can take out of the Indian book. The basis of Indian stability is precisely this, that in the last analysis the government belongs to and reflects the wishes of the people. Until Pakistan is willing to share in this political discovery that the people are really safe in Eastern as in Western democracies, there will be no stability of the kind that we have found so easy to implant in the Indian political system.

We also have our own lessons to learn from these events. It is our people, not our leaders, who have given us strength. Whatever are our current differences with the Government of Pakistan, we should have no quarrel with the Pakistan people, most of whom are citizens of India; once current passions are down, they will think again with us on vital matters of peace, security and economic progress. Any instability in Pakistan will not merely raise fears of possible incursion of Pakistan into Kashmir; it may raise barriers to current movements of trade and possibly lead to a new influx of refugees from East Pakistan such as is at present under way. A fundamental instability in any portion of this sub-continent, which nature has marked out to be one, tends sooner or later to cast its shadow across some other portion of the sub-continent. Partition has not changed the geographical character of the Indian sub-continent and politics in this matter is a function of geography, not, as is too often believed, a function of religion only.

We should be ready at all times to recognise that differences with Pakistan, deep because of the character of the new State and of its somewhat limited governing class, do not detract anything from the interest which India must have in Pakistan's development, politically and economically. Only foolish people in India will rejoice at Pakistan's difficulties. Men of understanding will wish Pakistan well, and will particularly pray that wisdom will come to her governing classes so that they may recognise that there is something greater than their own selfish exercise of power. Power is only a means to an end; that end must be not the happiness of the ruling class but the good of the whole people. It was in this profound sense that the Biblical words were once used: "He that findeth his life shall lose it; and he that loseth his life shall find it."

The Perils of National Self-Sufficiency

THE presence of U Nu, the Burmese Prime Minister, in Delhi this week, with his able Trade Minister, Mr. Raschid, raises a new problem which bids fair to produce a recurrent theme in Indo-Burmese relations. This is the question of the purchase of Burma's rice by India on suitable terms. At the present time the problem concerns India and Burma primarily. India has been traditionally Burma's best market for rice. The pursuit of national self-sufficiency in rice amongst other cereals has precipitated a crisis in Burma's balance of payments which at the present time appears incurable. It is safe to say that there exists no potential market capable of absorbing Burma's exportable surplus of rice after her existing commitments to Japan and other countries have been met. The true surplus at the moment uncovered by orders may be of the order of 500,000 tons to one million tons. This makes all the difference to Burma's balance of payments.

It would be foolish to pretend, although the Burmese authorities are putting a brave face on their financial position, that so far as foreign exchange is concerned, they are not in a critical position. Their balances have run down to a point at which they can go down no further. Indeed, they have already run down too far by about Rs. 20 crores. The foreign exchange account of Burma has been so desperate in the last six months that major imports required for completing some large economic projects have been stopped, and the whole tempo of Burma's plan of economic development has been reversed. Nobody need deny that there are other factors responsible for this unhappy position. But both in the short and in the long run most people will agree that the only corrective that can come is from the sale of Burmese rice to its traditional buyers.

It is not recognised that this is a crisis for which Burma alone cannot be held responsible. The whole theme of national self-sufficiency is one which has altered the structure of economic relations since 1950. The Colombo Plan made it look as if there was a regional plan for development of South-East Asia in which the common interests of this area as a region would be safeguarded. This, however, was not the case. The Colombo Plan was merely an envelope of national plans and did nothing to correct the perils of national planning. Indeed, there was little in any review of the Colombo Plan in recent years to alter the perspective from national development to the development of the region as a whole. And thus the present crisis may be attributed not merely to Burmese policy, which in the last analysis has been subsidiary, but to the pursuit of policies of national self-sufficiency which must be detrimental to the whole.

To say that Burma's role is subsidiary is not to ignore that Burma herself has pursued a national policy which at one time was reckless in its disregard of other units in this area. Resentment dies hard, and it is to be remembered that Burma drove a hard bargain with India when her granaries were full and ours were empty. Forgetting that the wheel of fortune is a fickle one, demands for as much as £60 per ton were once made. It is not necessary to make light of these excessive demands in order to point out that they are not relevant to the present situation. If individual countries in this area ignore the central bond of mutual interest in South-East Asia, that cannot make that bond any the less worthy of pursuit. The fact that Burma made a supreme error in her policy three years ago makes no less the need for inter-regional co-operation in South-East Asia.

It is this central bond that it cannot be in India's interests any more than it was in Burma's between 1951 and 1953 to pursue a narrow national line against the larger interests of the area that needs to be underlined particularly on the eve of the Afro-Asian Conference. India at the present time must obviously be the largest giver in this respect and therefore to us, some of the conditions of South-East Asian inter-regional co-operation are certainly unpalatable. There is no doubt that the pursuit of self-sufficiency of food has meant to India much more than the mere additional food that has been produced. It has meant a revolutionary change in our balance of payments and an extraordinarily confident note in rural achievement. It is not possible now to abandon all these gains. But to suggest that it is impossible for us to buy rice from Burma beyond the terms of existing agreements and only at prices at which the Burmese Government will not receive any revenue is totally to misread our own larger interests in South-East Asian co-operation.

The publication this week of the figure for industrial production of India for November 1954, at an all-time peak figure of 159.9, should be a reminder to us that India, like Burma, is also in need of markets. The industrialisation of India is not a thing which is being left to chance. It is being consciously promoted in the second Five-Year Plan and although markets are being left to chance at the present time, they, too, will need to be consciously promoted. At this time while we are thinking sectorwise in terms of national policy we have not realised that Indian industrialisation is concerned vitally with the problem of building goodwill in South-East Asia. It is there that our traditional markets have been, and it is there that new markets will have particularly to be developed. The case of Indian markets is the Burma case in reverse. Burma in 1951 did not realise her need of India. India in 1955 does not currently fully appreciate her need of Burma and of South-East Asia as a whole. The time may soon come when we will recognise that a narrow policy of self-sufficiency of food is a large obstacle to the Indian industrialisation which we have so spaciously planned.

It is in terms of the development of goodwill and potential markets for Indian manufactured goods in South-East Asia that we should approach the current negotiations for the purchase of Burma's rice. It is perfectly true that for the short period we do not require this rice and we may even find a foreign price higher than the current Indian price politically embarrassing. Nevertheless, it is in India's interest in the longer period to pay this price as a measure which will promote the security of Burma and the goodwill of the Burmese people. It is possible also to set out an agreement by which Burma undertakes to purchase some industrial goods, such as Indian textiles, in return. The sale of some of our manufactured articles for Burmese rice may look from a commercial point of view not very satisfactory in view of our present abundance. But the future may well be different from the past and the holding of additional stocks of a million tons of rice may be an extremely profitable long-term transaction.

All that now need be said is that the present conversations which are a prelude to economic discussions at the Afro-Asian Conference to be held this month provide a testing ground both for India and Burma. It is sincerely to be hoped that both nations will rise above a narrow interpretation of their national interests and recognise that they are in truth members of one regional fraternity.

Hindu Code—Third Round

CONTRADICTING all popular notions about the conservatism of upper chambers, the Rajya Sabhā had shown itself to be in the vanguard of public opinion on social reform when it provided last year for an ultra-modern form of divorce by mutual consent under the Special Marriage Act. Mr. H. V. Pataskar's motion in this House last week on the Hindu Succession Bill in its present restricted form, therefore, provided an excellent occasion for criticism of Government's seemingly halting policy on social reform. The Minister himself was apologetic about the limited character of the measure he had to sponsor. The Hindu Code Bill, which had lapsed in 1951 before the general elections, was quite revolutionary by comparison in its provisions on intestate succession. There has been no indication since then to the effect that Government has modified its policy on social reform. But the Government of India has grown wiser in not taking an uncompromising official stand on an aspect of personal law which intimately affects almost every household. If the proposed Select Committee makes radical changes in the Bill before its passage, Government will be relieved to that extent of the responsibility for imposing on the community changes which a substantial section of the population may not approve or readily accept.

By excluding from its scope all Hindus governed by the Mitakshara law of inheritance of joint family property by survivorship, and others to whom the Indian Succession Act or the Malabar laws apply, the Hindu Succession Bill now leaves out three-fourths of the Hindu population from the effects of the proposed changes in personal law. It would only insert for the present the thin end of the wedge of social reform, to be driven deeper later. The lapsed Hindu Code Bill, on the other hand, had succeeded in evolving uniform principles and facilitated such uniformity by seeking to abolish at one stroke the Mitakshara law and substituting for it the much simpler Dayabhaga system of Bengal as demanded by progressive sections of Hindu opinion. Such substitution would have conferred freedom in the acquisition and disposition of property. Its drawback, however, was that public opinion in all parts of India was not uniformly in its favour then; the introduction of the daughter as a simultaneous heir at the same time would have introduced too many complications all at once to help a smooth change-over to a new system of personal law. On this aspect there is even now a considerable amount of doubt; only 12 of 27 State Governments which were consulted have approved even the present limited Bill, while ten more, representing a rather conservative section, have expressed no opinion presumably because the Bill is restricted in scope. If a Select Committee should now come forward to alter the Bill in a drastic manner so as to incorporate the main provisions of the Hindu Code Bill, this opinion now elicited from the States or from others will be of no value. The question will then depend entirely on how far an enlightened section of the community can go in laying down the personal law for all the rest.

Some difficulty always exists in deciding in what doses any principle, which is accepted as valid in the abstract, should be translated into practice. In the field of social reform where longstanding customs and usages have to be shaken up, the choices are never as clear-cut as most enthusiasts would like to believe. Political expediency may prove to be the only certain test of policy. In that sense, opinion in the Upper House, whose members do not face the people directly, can always afford to be much in advance. At the same time, there is the possibility that the slogan of emancipation of women, by the grant of an equal share for daughters along with sons, would ensure the political support of the largest section of the electorate. But there is no evidence to assume that all or a majority of women are now uniformly in favour of full succession rights being granted to them immediatley. Nor can it be assumed, merely on the basis of the changes in the urban sector, that the joint family system has already disintegrated and cannot suffer much by the sweeping legal changes proposed.

If a case for gradualness is accepted, there follow certain important considerations in deciding on priorities. The law of Hindu marriage and divorce, now half-way through Parliament, would go a considerable way towards altering long established ways and in removing certain disabilities of women in that respect. In the law of succession also, there would be sufficient scope for a substantial enlargement of the rights of women without introducing serious controversy on matters like the abolition of the "limited estate" and the grant of absolute powers of ownership and disposition to women. There would also be sufficient support for the principle that the widow's right to an equal and absolute share in the joint family property of her husband, now recognized by the Hindu Women's Rights to Property Act 1937, should be further extended in its scope. All these would quite effectively demolish the discriminatory principles in respect of women's property rights and it can hardly be said that discrimination against the daughter's inheritance would by itself constitute discrimination in women's rights to acquire, hold or dispose of property. The opposition to the daughter's share arises partly because it introduces a stranger into the Hindu joint family as now understood and partly because in most families whose members live jointly under one roof, the precise individual share or contribution of the intestate may often be difficult to establish or separate, involve more litigation in an already litigious country, and lead to even worse fragmentation than has occurred all along.

The issue is not so much whether the daughter's share should be half or full; if the principle is accepted, there may be no need to discriminate in the size of the share. In deciding the principle itself, however, it would hardly do any good to minimise the consequences or feel apologetic merely because of the desire not to appear unprogressive. Even Mr. Pataskar, who presented the issues on this question very cogently, could not at the end resist the politician's tendency to raise bogeys and exclaimed that only rich trading families will be affected by the proposed daughter's share. The intensity of feelings over personal property is not necessarily low or negligible when its value is small. A sense of responsibility and great wisdom is necessary in assessing whether the Hindu social structure can absorb all the shocks at the same time, even if it is conceded that some shock treatment is necessary to revitalise it and adapt it for its future needs.

It seems better to start with an alteration of the character of the joint family itself by the substitution of the Dayabhaga for the Mitakshara. This, with the new marriage law and the grant of absolute property rights for women, might be sweeping enough for one decade of social reform, and meanwhile public opinion can be conditioned for other changes to come. The opinions of State Governments show that there are patent regional differences of outlook on the extent to which existing customs should be changed, illustrating the fact that what is urgent in one area may be uncongenial in another. Fortunately, the legislative powers on these subjects are in the Concurrent List of Constitutional Powers and just as several States had enforced monogamy and facilitated divorce ahead of the rest, there is no reason why daughters' succession rights should not be left to the more progressive States to show the path for the rest.

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The Assam Oil Company, for many years the pioneer of oil search in India, discovered a fresh source of oil recently at Nahorkatiya in Upper Assam. Crores of rupees have been spent in the search and many more will have to be spent on the development of this discovery.

And all the time, remember, the search for more oil is going on—for further sources of this most elusive mineral are vital for India's industrial development. All the very latest scientific methods and technical equipment, including aeromagnetometers and even helicopters, are being employed. No effort in fact is being spared to reduce India's dependence on oil purchases from abroad.

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THE WEEK'S NOTES

ASIA AND THE PARIS AGREEMENTS

WHEN Sir Anthony Eden addressed a Press Conference in New Delhi during his brief visit, he seemed ready to answer questions on European problems. But there were none and all the interest was then centred on Asian questions like Formosa and SEADO. This lack of interest in Asia in European questions has puzzled other visitors also before. The progress made in the last few days on the ratification of the Paris Agreements, by the approval accorded in the Upper Houses of France and Germany, has not been regarded in Asia as of greater importance than the current Asian questions like the Asian-African Conference. This vital difference in the Asian perspective, however, is being increasingly taken into account by European statesmen. But the conditions under which the Paris Agreements have been now ratified have an important bearing on the problems of East-West co-existence, even though the Paris Agreements by themselves may not represent anything new. The ratification was a slow but logical development of the Western policy of building up positions of strength.

For several months now, Russian policy has been devoted towards the wrecking of the E.D.C. and then of the Paris Agreements which substituted it. German unity through East-West talks was held out in prospect in the event of rejection of the Paris Agreements and Russia seemed ready to offer all-German elections under "international supervision." This gave enough excuse for the German Social Democrats to seek to delay ratification. The alternative was also unhappy; the Western Powers, especially the United States, would not enter into Four-Power talks without first getting the Paris Agreements ratified. The German Bundesrat and the French Senate have completed the process of approval of the Agreements by their respective countries. Now that the two principals have ratified, the field is clear. Though the Benelux Powers, Denmark and the United States, have yet to ratify the Agreements before they take effect, it can now be taken for granted that West Germany will soon become a sovereign Power in her own right, without offering a threat to France which has suffered twice in a quarter of a century from German aggression. Germany has to maintain this trust which France reposes in her by this act of ratification.

President Eisenhower has declared that with the Paris accords well out of the way, it is time to begin the kind of exploratory talks that might lead to something constructive. Sir Anthony Eden in echoing this hope has declared British willingness to promote talks on German unity, on Austria and on the security of Europe, while M. Bulganin's latest statement on Four-Power talks is further encouraging. As a contribution to the improvement of the general climate for talks on peaceful co-existence, the Paris Agreements are thus of direct importance to Asia also.

U.S. AID: OPERATIONAL AGREEMENTS

THE agreements recently signed for the utilisation of U.S. foreign aid to India again emphasise the necessity now felt to have recourse to the purchase of specific types of materials needed here in order to make use of the assistance for development. About $75.5 million in aid was provided by the U.S.A. to India of which $15 million was for technical assistance. These technical assistance funds are to be utilised for obtaining equipment for laboratories, institutes and demonstration projects in the fields of agriculture, health and education. Of the development assistance of $60.5 million, the Government of India has agreed to treat $45 million as a loan to be repaid over 40 years on an ascending scale (in rupees, with an option to pay in dollars). The interest rate of 4 per cent will be waived for the first three years. This loan is for the purchase of specific commodities like steel, fertilisers and surplus agricultural products, and it will provide rupee counterpart funds for development. It is reported that nearly half of the loan will be used towards the purchase of surplus agricultural commodities like wheat and cotton.

The Operational Agreements signed last week provide for the import of 44,000 tons of fertilisers (for $4 million), mainly urea and ammonium nitrate and sulphate, for purpose of sale to cultivators. About 98,200 tons of steel—mainly rails and fishplates, billets and structurals—will be provided for $11.8 million. This quantity is much less than was obtained last year (205,000 tons). The quantities of agricultural commodities that will be available are not known. Another 14,500 tons of fertilisers will also be available for purposes of demonstration. Under the National Water Supply and Sanitation programme covering about 10,000 villages, equipment (like pumps, compressors, survey kits, jeeps, etc.) for $2.53 million will be obtained. There are also programmes for control of malaria and filariasis involving similar purchases of equipment. All these underline the fact that external aid has to be linked to specific projects and that the rate of utilization of such aid depends on the progress made therein.

BLAMING THE BRICKS?

NOTHING that the Minister for Works, Housing and Supply stated last week in reply to the debate on his Ministry can alter the fact that public housing has been one of the major shortcomings of the Plan. The reason is not unknown. The Centre planned to operate only through certain agencies like State Governments, industrial employers and co-operative organisations. The State Governments in turn may have to depend on municipalities and district boards. The organisation of these agencies would take time and the virtue of the provision in the first Five-Year Plan of Rs. 38.5 crores for housing was that at least plans for execution would go ahead so as to make future schemes under the next Five-Year Plan easier of implementation. The Subsidised Industrial Housing Scheme was formulated in September 1952, and though about Rs. 13 crores had been sanctioned until January last, half as loan and half as subsidy, only about Rs. 5 crores had been actually authorised till then. It does not mean, however, that even this would be fully spent. (Incidentally, there appear to be some serious discrepancies between the figures on page 25 of the Ministry's Annual Report and those in the Progress Report on the Plan regarding the amounts of authorisations and payments on housing.) The utilisation of these sums depends on the progress of actual housing construction which has been slow.

It may be true that the Central Ministry was not directly responsible for this short-fall but that does not exonerate it from liability to criticism on this score, since in that case there would be no one else whom Parliament can question. (The Minister's reply contemplates a situation in which a demand for grants must be accepted without a word because a Minister can always point to failures elsewhere!) The point of

the criticism, however, is that the Ministry has not shown the drive necessary to organise these housing projects. These projects did not represent anything new in execution nor did they depend on scarce materials; and the Low and Middle Income Group housing schemes have taken a long time to get formulated. A sense of urgency is needed in this sphere because with a growing population and growing urbanisation, a very difficult situation may arise during the period of rapid industrialisation under the second Five-Year Plan unless substantial progress is made in the next three or four years.

THE POST'S DELAYS

THE varied activities of the Posts and Telegraphs Department recounted in the annual review presented to Parliament conceal the serious setbacks to efficiency which the public has felt increasingly in recent months. Complaints have been more numerous about the delivery of telegrams and of express delivery letters in various centres. Telegrams announcing arrivals have been known to reach destinations behind the persons concerned and business telegrams often reach a little after copies sent by post are received. The effects of the vagaries of the telegraph system are fortunately mitigated by the airmail system so far as they relate to the major cities. The existence of this facility should have greatly relieved the strain on the existing lines and enabled it to function more effectively, but it has only made it worse.

In the opening of new post offices, in which there is need to display initiative and drive, there is considerable slackness. The village post offices are multipurpose units which open up areas to communications from outside and hence help in infusing a new spirit of dynamism into remote areas. The opening of post offices can like schools become visible symbols of the development now being attempted. Only 1055 post offices were opened in the nine months ending December 1954. And yet, the P. and T. Review claims that about 2400 post offices would be opened in the following three months of the year that has just ended, a claim which beats all our notions of time and work! The replacement of runners' services has been equally slow. An average of 4000 miles a year has been replaced by motor services in the last 4½ years. There are yet 854 runners' lines, involving a total of 8740 miles, where motor services can operate throughout the year in which quicker services can be introduced. A communications system more in keeping with the spirit of the times has to be built up and there is no sign of the drive that is needed to accomplish it.

THE BRITISH ECONOMY

THE British Economic Survey for 1955, published this week, has special significance at this time when there hangs an interrogation mark across recent trends in the economy. Domestic progress, says the Survey, has been satisfactory; production, living standards, investment and savings have been well maintained. Abroad, in 1954 as a whole, a substantial overall surplus was earned—about the same as in the previous year. Anticipating the balance-of-payments White Paper (due to be published on April 5), the Survey says that in the second half of 1954 the U.K. had an overall deficit on current account of £12 million, including defence aid, as compared with a surplus of £172 million in the first half. The U.K.'s import bill rose by £68 million between the two half-years, and exports fell by £13 million. There was a fall of £90 million in net invisibles. The Sterling Area as a whole had a deficit of £164 million with the rest of the world in the second half of 1954, compared with a surplus of £171 million in the first half.

This change in 1954 accounts for the fall in the reserves and the weakening of sterling at the end of 1954 and early 1955 (when corrective measures were taken). The reasons for the change are: (i) an increase in the volume of United Kingdom imports, reflecting expanded production and consumption; (ii) a worsening in the terms of trade; and (iii) a serious weakening of the position of the rest of the Sterling Area caused by low wool prices. The increase in the import bill was due mainly to prices, which in February 1955 were 5 per cent above the 1954 average. If the present rate continues it would add £150 million a year to the cost of imports. It is not expected that the invisible income can go up much. Extra export earnings are, therefore, the country's main requirement. Reviewing Britain's export trade in 1954, the Survey points out that there was a 6 per cent rise in volume, but the U.K.'s share of world trade fell from just over 21 per cent in 1953 to about 20½ per cent in 1954. A tightening of the Australian and New Zealand markets is anticipated, but the North American, Middle East and colonial markets present improved prospects. The removal of trade barriers has helped trade everywhere in the last year, but this has also intensified competition.

According to the Survey, the U.K.'s gross domestic product rose by 4 per cent, and the industrial product by 6½ per cent. Of the total increase in output, one-half was due to higher consumption, one-sixth to higher investment, and one-third to higher exports. Investment rose by 5 per cent between 1953 and 1954, rather over half being in the form of new equipment and the rest new industrial building. There was little increase in house-building. Savings rose in spite of a 4 per cent rise in the volume of consumption. For the last two years between 7 and 8 per cent of total personal income, after paying taxes, has been saved. Final prices of goods and services rose by only about 1½ per cent between 1953 and 1954 (a smaller increase than in most recent years), but in the second half of 1954 there was a most pronounced rise in food prices. In the economy as a whole money incomes rose rather faster than real output. In 1954 wages and salaries rose by 7½ per cent, profits (gross) by 7½ per cent, self-employed incomes by 5 per cent, and interest and dividends by 4 per cent. While the factors of expansion are quite alive, the future would depend largely on external influences and the degree of economic discipline which would be practicable for the Government in power to impose.

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NORTHERN RAILWAY

Notice regarding changes in the Time Table.

The important features of the changes in the Time Table that will take effect from 1-4-1955 are notified below for information.

(1) **New trains to be introduced.**

Train No.	Designation	Station from	Departure	Station to	Arrival
2 MD	Passenger I, II, III	Delhi	5-0	Moradabad	10-5
5 MD	-do-	Moradabad	17-10	Delhi	22-0
9 AP	Shuttle II, III	Patti	5-5	Amrittsar	6-35
12 AP	-do-	Amritsar	3-10	Patti	4-30
5 FF	Passenger I, II, III	Ferozepore Cantt.	7-10	Fazilka	9-55
6 FF	-do-	Fazilka	10-40	Ferozepore Cantt	13-30
2 URJ	Shuttle II, III	Rajpura	6-0	Ambala Cantt.	6-50

(2) **Extension of trains.**

7 JMP	Passenger III	**Extended Running** Pathankot	15-5	Mukerian	16-31
8 JMP	-do-	Mukerian	12-31	Pathankot	14-5
131 UP	Asansol Fast Passenger I, II, III	Shahjehanpur	10-30	Bareilly	12-15
132 DN	-do-	Bareilly	15-0	Shahjehanpur	16-35
1 BDS	Passenger I, II, III	Hissar	22-30	Sirsa	0-55
2 BDS	-do-	Sirsa	2-45	Hissar	5-6

(3) **Existing trains cancelled.**

(i) Nos. 1AGA/2AGA between Tundla and Agra Cantt.
(ii) No. 4 DG between Ghaziabad and Delhi.
(iii) No. 4 SD between Shakurbasti and Delhi.
(iv) Nos. 11 HH/12 HH between Hathras and Hathras Killah.
(v) Nos. 3 SS and 4 SS between Sitapur City and Sitapur Cantt.

(4) **Additional Train Halts provided & Existing Train Halts cancelled.**

A number of additional train Halts have been provided and a number of existing halts cancelled. For details of these a reference may be made to the Northern Railway Time Table and Guide, which will take effect from 1st April, 1955.

(5) **Diversion of trains.**

No. 356 DN between Tundla and Agra Cantt. will run via Agra City instead of Agra Fort.

(6) **New Through and sectional services to be introduced.**

Departure from	Time	Arrival at	Time	Trains to which attached	Accommodation
Amritsar	21-30	Chandigarh	4-19	308	II, III
Chandigarh	22-44	Amritsar	6-0	307	II, III
Delhi	10-15	Kanpur	20-18	64	I
Howrah	10-45	Lucknow	7-48	63/67	I, II, III
Kanpur	7-12	Delhi	17-0	63	I
Lucknow	19-25	Howrah	17-20	68/64	I, II, III

(7) **Through and sectional services to be cancelled.**

Agra Cant	22-45	Howrah	7-2	2TA/70	III
Delhi	6-40	Howrah	17-15	68/64	INT, III
Delhi	21-30	Ludhiana	4-54	31	III
Delhi	6-40	Moradabad	10-35	68	III
Delhi	21-10	Moradabad	0-53	304	II, INT.
Delhi	21-45	Patna	19-43	70	III
Howrah	22-15	Agra Cantt.	5-20	69/ITA	III
Howrah	10-50	Delhi	20-35	63/67	INT, III
Kanpur	4-38	Sealdah	11-5	48	III
Ludhiana	23-17	Delhi	6-5	32	III
Moradabad	16-10	Delhi	20-35	67	III
Moradabad	3-50	Delhi	7-40	303	II, INT.
Patna	9-43	Delhi	8-15	69	III
Sealdah	21-5	Kanpur	2-30	47	III

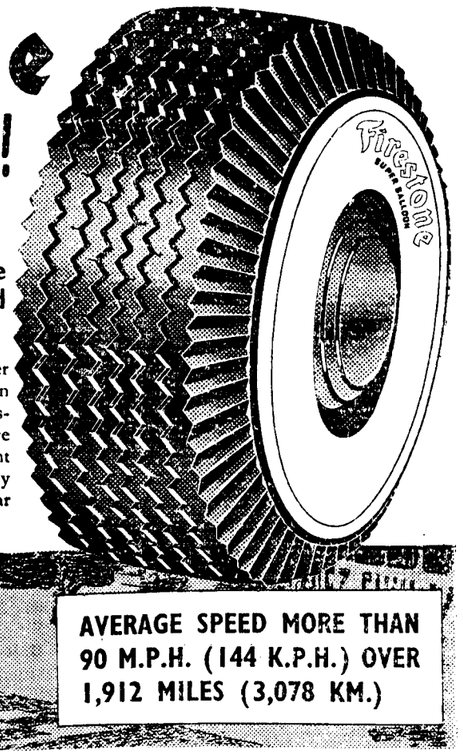
For other details and timings at intermediate stations, reference may be made to the April, 1955, Time Table and Guide available for sale at all Railway Bookstalls. Hindi and Gurmukhi Time Tables will also be available for sale at Railway Bookstalls shortly.

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A-48

WORLDGRAM

AGRICULTURE

U.S. Farm Surplus Donations: The U.S. Agriculture Department recently announced a programme to donate some of its surplus butter, cheese, and cottonseed salad oil to private welfare organisations for use in foreign countries. The Department is prepared to accept offers to process 20.4 million lb. of butter to butter oil, 12 million lb. of cheese and 2.12 million lb. of cottonseed salad oil into individual packages for human consumption. Deliveries are to be made next May or June.

*

The Pakistan Kotri Barrage: The Kotri Barrage on the Indus river, the first giant irrigation project in Pakistan, is situated about 110 miles north-east of Karachi. Costing over Rs. 240 million, it will irrigate 2.7 million acres of land of which 1.1 million acres are at present waste and barren. With the increase in the area of cultivation, the present produce is expected to be multiplied about five times from 4.75 million to about 21 million maunds. The Kotri Barrage is a prototype of the Sukkur Barrage and its headworks are 3,000 feet in length, designed to pass a maximum flow of 875,000 cusecs. It consists of 44 bays with 60-foot spans, and has three main canals on the left bank and one main canal on the right.

*

Machkund Hydro-Electric Project: The Andhra Government have reported that the problem of prevention of soil erosion in the Machkund reservoirs is proposed to be met in two ways: (1) by including silt settling and exclusion devices in the designs of the works, and (2) as far as feasible by creating and preserving a covering of vegetation so as to retain the surface soil. It is proposed to construct at a cost of Rs. 14 lakhs the diversion dam overflow section of the Jalaput Dam as a barrage. Besides the construction of check dams, revetments, etc., it is proposed to draw up a comprehensive scheme of soil conservation which will include contour-bounding and terracing, gully plugging, and afforestation in the catchment area. Out of a total amount of Rs. 11 lakhs provided towards soil conservation and rehabilitation of displaced families in the revised estimate sanctioned by the Government of Andhra, an amount of Rs. 1 lakh has so far been spent on soil conservation measures.

*

Stabilisation of Indian Farm Produce Prices: The Government of India have announced long and short-term measures for stabilising prices of agricultural products. An expert committee is to be appointed to study the wide fluctuations in the prices of wheat and other agricultural products, so as to find a remedy on the "basis of an integrated picture." A trade mission will examine the possibility of surplus agricultural exports to various countries; meanwhile quotas for the export of cotton are to be increased as a step towards the normalisation of exports. It is also proposed to lower the prices of fertilisers, and to market manufactured commodities including agricultural implements at reasonable prices. Following the recommendations of the Rural Credit Committee of the RBI, the Government are to establish a chain of warehouses all over the country, and make credit available on deposit of produce. A full scheme on co-operation, marketing and warehousing is expected to be completed soon. Efforts to improve transport facilities to scarcity areas are also being made.

FINANCE

Indian Loan Agreement with U.S.A.: An Indo-U.S. Loan Agreement for $45 million was signed recently in Washington by the Indian Ambassador and by the Export-Import Bank on behalf of the U.S. Government. This loan is under the current year's U.S. Aid Programme for which a total of $60.5 million was allocated. The balance of $15.5 million is a grant. The loan may be repaid over a period of 40 years on a gradually ascending scale. Repayment will be in rupees, although there is option to repay in dollars. The interest rate is 4 per cent but there is waiver of interest for the first three years. The loan is to be utilised for the procurement of steel, fertilisers, surplus agricultural commodities, etc., and the local currency realised by the sale of these commodities will be utilised for projects of economic development.

*

State Financial Corporations in India: State Financial Corporations have been established in the Punjab, Bombay, West Bengal, Uttar Pradesh, Bihar, Assam, Travancore-Cochin, Hyderabad, Saurashtra and Rajasthan. Proposal for the establishment of such a Corporation in Madhya Bharat is under examination, while Madras and Andhra are considering the conversion of the existing Madras Industrial Investment Corporation Ltd., into separate financial Corporations. The Reserve Bank of India generally contributes from 10 to 15 per cent of the capital to these corporations. The Central Government have provided a sum of Rs. 1 crore in the budget estimates for 1955-56 for the purpose of granting financial assistance in the shape of loans to States not exceeding 50 per cent of the State Government's share in the capital and also not exceeding the Reserve Bank of India's share. So far the Central Government have granted such financial assistance to the three States of Assam, Saurashtra and Travancore-Cochin.

*

Indian Draft Proposals on Rehabilitation Compensation: The Compensation Advisory Board of the Government of India is examining the Rehabilitation Ministry's draft proposals in respect of the final scale of compensation. The maximum amount payable is placed at Rs. 2 lakhs, the maximum under the interim compensation scheme is Rs. 50,000. Persons with verified claims up to Rs. 1,000 will be paid compensation amounting to 66 per cent of the claim; those up to Rs. 5,000 will receive 50 per cent; up to Rs. 10,000—41 per cent; up to Rs. 20,000—33 per cent; up to Rs. 30,000—29 per cent; up to Rs. 40,000—23 per cent; up to Rs. 50,000—20 per cent; and Rs. 20 lakhs and above—10 per cent. The compensation will be mainly payable in properties, as the conversion of such properties into cash will entail inconvenience and delay through the compensation pool. Urban properties valued at over Rs. 10,000 will be auctioned, if there are prospects of fetching better prices to augment the compensation pool.

TRADE

Indian Packing Charges for Cement: On March 27, 1954, the Government of India announced that packing charges for cement would be fixed every quarter on the basis of the average of the maximum and minimum market price for packing material during each week of the immediately preceding nine months plus Rs. 1-4 per ton to cover incidental charges. On this basis, packing charges for the current quarter were fixed at Rs. 13-8 per ton. The packing charges for the next quarter commencing from April 1, 1955 work out to Rs. 14-1 per ton. These packing charges are applicable to cement packed in new bags only. Packing charges for cement packed in old bags will be settled between buyers and sellers, subject to the maximum indicated above.

Future of Salt Trade in India: With the abolition of the District Nominee system, it is proposed by the Government that there should be established a single corporate body or association of registered salt dealers, which would be responsible for indenting for salt on behalf of the States and arranging for its supplies. This is not to be a system of having "approved merchants" for sale of salt. Past experience has shown that free indenting at Government salt sources by individual traders led to cornering of stocks and profiteering.

*

Further Exports of Pulses from India: The Government of India have decided to allow further exports of pulses from the ports of Bombay, Calcutta, Madras, Rajkot, Pondicherry and Cochin. Export will be allowed by all shippers subject to a maximum allotment of 100 tons to any one shipper from Bombay, Calcutta or Madras and 50 tons from Jamnagar, Porbandar, Veraval, Bhavnagar, Cochin, Tuticorin, Visakhapatnam, Negapatnam or Pondicherry.

*

Indian Export Policy for Mineral Ores: Export of chrome ore, kyanite and sillimenite are licenced freely to all those who are interested in their export. Requests for exports of gypsum to all categories are considered on an ad hoc basis. Exports of iron ore and manganese ore are licenced more or less freely through all ports other than Calcutta and Madras. Through those ports, movement of iron ore and manganese ore is regulated through quotas in order to distribute equitably the limited wagon space available. Quotas to established shippers are related to their past performance, and to mine-owners on the basis of their production. Ad hoc allotments are also being made to newcomers and fresh mine-owners for exports through the port of Calcutta on the basis of business on hand.

*

Export of Indian Bicycle Tyres: The Government of India have decided with immediate effect, to discontinue the free licensing of the export of 'solid rubber tyres' and bicycle tyres and tubes. This has been done with a view to retaining India's export market within overall ceilings by all parties who exported these goods during 1954. Quotas are to be granted to all exporters, able to furnish evidence of exports in quantities equal to 25 per cent in the case of tyres and 120 per cent in the case of tubes of the exports effected by them during the calendar year 1954. The shipment of bicycle tyres and tubes already made by exporters so far from the beginning of the year 1955, will be debited to the quotas admissible to them for the year 1955 on the above-mentioned basis.

INDUSTRY

The Jute Industry in India: There were 2,72,342 workers employed in 116 units of the Jute Industry in India during 1953. The bulk of the Industry—85 per cent—accounting for 92.5 per cent of the total employment in the Industry—was located in West Bengal. Of the total labour force employed in the Industry, 89.6 per cent were men, 10.3 per cent women and 0.09 per cent adolescents. The proportion of women workers in U.P. and Bihar was low; in Madhya Pradesh, it was 21.4 per cent; in Andhra 25.1 per cent. Total employment in the Industry since 1949 has declined by 15.5 per cent when the number was 3,22,159; and is mainly in the case of women. In 1949, the number of women employed was 41,494 forming 12.9 per cent of the total labour force; in 1953, women accounted for 10.3 per cent of the total labour force. In 1944-45, when the Labour Investigation Committee conducted the survey, the minimum basic wage in 1945 for West Bengal (90 per cent of total employment) was Rs. 2-8 per week. In 1948, the Industrial Tribunal appointed by the Government of West Bengal fixed Rs. 26 per month as the minimum basic wage. In 1951, basic wages of clerks, mistries, and durbans were revised, leaving wages of other occupations untouched.

*

Rationalisation of Indian Mill Industries: The Indian Central Ministry of Labour is reported to be opposing the implementation of the Textile Enquiry Committee's recommendation in respect of rationalisation of mill and handloom industries. The views of the Planning Commission, the Central Ministries and State Governments are also being elicited in this connection, and a final decision will be taken only after consideration of their opinions.

MISCELLANEOUS

Indian Railways to Carry More Traffic: Indian Railways have been asked to plan for carrying increased goods traffic which may materialise during the next busy season commencing November 1955, as a result of accelerated economic activity. The zonal railway administrations are preparing themselves to carry anything up to 20 per cent more traffic than they have done during the current year. Additional transportation capacity will be found through import of rolling stock, and a more efficient use of resources already available in the country. A concerted drive is to be launched to reduce the number of wagons in the railway "sick lines", under or awaiting repairs to be achieved through greater turnover in repair shops, by steps to overcome shortages of materials, and by intensive training to raise the working standards of the workshop staff. The zonal administrations aim at a reduction, of more than 50 per cent in the number of wagons that are "sick", or unfit for service.

*

Planning Organisations for Indian States: All State Governments have set up suitable planning organisations to implement the Five-Year Plan. The exact nature of organisations which the States were requested to set up, according to their diverse local needs and conditions were: (i) a Committee of the State Cabinet, known as the State Development Committee; (ii) a Committee of Secretaries of Departments concerned with development; (iii) an Advisory Board at the State level, which would include both official and non-official members; (v) Project Advisory Committees for Community Projects and National Extension areas.

*

Nations Attending Asian-African Conference: Twenty-nine countries including the sponsoring Colombo Powers, will participate in the forthcoming Asian-African Conference at Bandung. The countries that have officially accepted invitation to participate in the Conference include the five sponsoring Colombo Powers, Afghanistan, Cambodia, China, Egypt, Ethiopia, Iran, Iraq, the Gold Coast, Japan, Jordan, Laos, the Lebanon, Liberia, Nepal, Libya, the Philippines, Saudi Arabia, Sudan, Syria, Thailand, Turkey, North Viet-Nam, South Viet-Nam and the Yemen. The only invitee to have declined the invitation is the Central African Federation.

*

Indo-U.S. Agreement on Fertiliser Supply: A recent Indo-U.S. operational agreement provides for U.S. assistance for a project to augment fertiliser supply in India. The project entails the acquisition of 44,000 tons of fertilisers, for which the U.S. contribution is $4 millions. The Government of India's contribution towards the joint project amounts to Rs. 12 lakhs and will be used mainly towards meeting internal costs of handling and transportation.

NEWS IN BRIEF

INDIAN

More than 400 delegates from different States are expected to attend the first National Farmers' Convention to be held in Delhi on April 3. Hyderabad, Uttar Pradesh, West Bengal, Andhra and Saurashtra are some of the States represented.

*

The Railway Board has sanctioned a final location survey on the Eastern Railway for a broad-gauge railway line between Noamundi and Bhadrasai. Development of the large deposits of iron and manganese ores in the area will make large quantities available for export and steel works.

*

The Government of India are to release for sale in the open market a quantity of over one lakh tons of sugar representing 50 per cent of the production of all factories during the period February 16 to March 7, 1955.

*

One telephone for every 1,350 persons is likely to be provided by the end of the first Five-Year Plan; 99 per cent of district headquarters and 66 per cent of sub-divisional headquarters in the country are expected to be provided with Public Call Offices.

*

Arrears of income-tax and super-tax at the end of 1953-54 were Rs. 159.3 and Rs. 169.6 crores respectively. Government launched prosecutions in respect of 11 cases. Some State Governments have appointed additional officers for stepping up the collection of arrears.

*

The Government of India have decided that the export of garm be licensed freely for shipment from all ports till the end of June 1955.

*

The money spent on, (i) construction of new lines on the Southern Railway during 1953-54 was Rs. 69.64 lakhs (Rs. 11.65 lakhs in 1953), (ii) restoration of old lines was Rs. 31.74 (Rs. 23.49) lakhs. The earnings of the Southern Railway were Rs. 44.06 crores in 1953-54 against Rs. 44.36 crores in 1952-53.

*

A new fertiliser factory is to be set up in the Bhakra-Nangal area. The factory will have an annual production capacity of 200,000 tons of ammonium nitrate. In terms of nitrogen content the proposed factory will have the same capacity as the Sindri plant.

*

Since August 1947, 1,136 new posts and telegraphs offices have been opened in the Punjab. The total number of posts and telegraphs offices in the Punjab in August 1947 was 2,299.

*

The Government of India, as a result of a further review, have decided to continue free licensing of exports of cane jaggery and cane jaggery powder (gur) for shipment up to the end of June 1955.

*

The total amount collected under the Coal Mines Labour Welfare Fund up to March 31, 1955 was Rs. 8.99 crores, and the amount spent during the period Rs. 4.64 crores. Some 2,153 houses for coal mine workers were constructed from the Fund.

*

The establishment of a radio-telephone service to Burma brings the total number of countries with which India has direct links to 13. Others countries with similar links are the U.K., Japan, China, Switzerland, Indonesia, Egypt, Iran, East Africa, Malaya, Hongkong, Aden and Bahrein.

FOREIGN

The directors of the World Bank have approved a new loan of $54.5 million to Australia. The loan which was signed recently is expected to be used for capital expansion.

*

Mr. Harold Stassen, U.S. Foreign Operations Administrator, recently announced a $2,140.5 million military and economic aid programme for Asia for the year beginning July 1. The programme is the first step towards raising the economy of 'free' Asia by 30 per cent in the next 8 years.

*

Pakistan is expected to be in a position to export jute goods worth £18 million annually by 1956. Some 6,750 looms are to be in full production by the end of the current year. The crop under the restricted acreage will not exceed 5½ million bales, and is expected to ensure an economic price to the grower.

*

The total cost of the subsidy on cereals of the 1953 U.K. harvest is estimated to be £34 million. The estimate of the cost of deficiency payments on cereals of the 1954 harvest, in relation to the latest published subsidy figure is placed at £38.8 million.

*

The names and terms of reference of a six-man Royal Commission to investigate New Zealand's monetary affairs were recently announced. The Commission will inquire into any monetary banking and credit proposals that might be suggested as suitable for New Zealand, and the advisability of their incorporation into the present system.

*

World production of oil and natural gasoline (fuel extracted from natural gas) rose during 1954 by some 28 million tons to about 700 million tons. North America's share at 48.6 per cent of world output, fell by 4 million tons. Middle East production increased by 15 million tons, Latin American by 9 million tons, and Eastern European and Russian by 7 million tons.

*

Out of the price payable for rice by India to Burma, an amount of Rs. 15.6 crores at the rate of £13 per ton on the agreed quantity of 9 lakh tons will be adjusted against the separation debt of Burma. Some Rs. 10.92 crores will be adjusted during 1954-55 and the balance later.

*

The forward export sales of jute at discount prices will not be allowed by the Pakistan Jute Board or registered by the State Bank of Pakistan. The step has been taken to check speculative activity which is held responsible for the recent fall in jute prices.

*

The Ceylon Tea Propaganda Board has decided to join the Indian Central Tea Board and the German Tea Trade in a joint tea promotion campaign in West Germany. The Tea Corporation in West Germany hitherto comprised the West German Tea Trade and the Indian Tea Board.

*

A British Steel Mission, led by Sir Eric Coates, is expected to leave for India on April 2, for a month's visit. The Mission will include representatives of the British Iron and Steel Research Association, the U.K. Steel Equipment Industries and an electrical consultant to advise the Indian Government on the establishment of a new Indian Steel Works.

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RPS/EEL/2

A Window on the World

SOME FOREIGN POLICY FALLACIES

BY

ODYSSEUS

THIS WEEK let us consider some fallacies about foreign policy. Many people, asked to say what the supreme object of foreign policy is, would probably say the preservation of peace. If by this they mean that the object of diplomacy should be to exhaust all alternatives before defending, or promoting, national interests by war, I agree. But if they mean that a nation is never justified in fighting for its interests—which, as far as I understand it, is the Gandhian position—respectfully I disagree.

An individual man, a family, a tribe, or a nation, has an axiomatic right to survive if they can. I agree that the civilised man or nation will try to promote their interests and survival by civilised methods in co-operation with others. But not all men or nations can be relied upon to observe the Marquis of Queensberry's rules, and circumstances may arise when a nation can only survive by fighting. Without prior provocation, the Japanese knocked the U.S. fleet out at Pearl Harbour in order to be free to pursue the conquest of China, the Philippines, Indonesia, Malaya, and Burma, without exposing their lines of communication to the risk of attack by the U.S. fleet. If the unvarying object of foreign policy were peace, the U.S.A. could easily have maintained peace with Japan by refusing to go to war with her. In that event, the next obvious step for the Japanese to have taken when, at their leisure, they had consolidated their position throughout South-East Asia, would have been to add Australia and New Zealand to their "co-prosperity sphere". The inhabitants of these two countries might also have kept the peace by refusing to defend themselves and the expansion of Japanese power would have gone on indefinitely, eastwards across the Pacific and westwards across India, until it had either subjugated the whole world or had encountered a nation which regarded self-survival, not peace, as the supreme object of policy. We in India have had the best of reasons for appreciating the objections to being the subjects of rulers of an alien civilisation.

I appreciate that in the matter of peace or war my viewpoint is the exact opposite of Gandhiji's and I have therefore been re-reading some of his pronouncements in hopes of bettering my understanding of them. For example, on April 3, 1942, the Mahatma said: "The Chinese made the mistake of fighting the Japanese and fighting still goes on. Hand they not opposed the Japanese, had they stood by, neither raising their arms, nor destroying their crops, had they simply refrained from co-operating with the Japanese, then the Japanese would have been defeated."

MILITARY DEFEAT AND MORAL TRIUMPH

It sems to my pedestrian intelligence that Gandhiji was here using the word "defeated" not in its literal military sense but in a metaphorical moral sense. My difficulty is that it seems to me that if you allowed yourself thus to be militarily defeated by an enemy (whose interests are by definition opposed to yours, otherwise he would be a friend and not an enemy), you might find the fruits of your moral triumph to be dust, ashes, and bitterness. Your foreign conqueror might, for example, exploit your national production for his own people and whereas before, when you were undefeated, you might have earned enough money to enjoy a civilised life with some leisure over the week-end, with books, and music, and enough margin to give your children a first-class university education, now after conquest, you might be reduced to the status of a peasant or a coolie and your children likewise condemned to penury. Speaking for myself, any consciousness of having secured a moral victory over my physical exploiter would not compensate me for all that I might have lost. Nor would my losses be purely material, for it is popular error to believe that the poorer a man is, the greater are his spiritual qualities likely to be. A man whose whole energies are absorbed in the mere struggle to keep himself alive has no energies or leisure left in which to cultivate his mind. You can lose your freedom in all sorts of ways. If I were condemned by a foreign conqueror to work in his interests, for example, by using this column not for free discussion but to promote a pre-ordained party line, I would feel that I had lost a great deal of what was worth living for. That is why I consider that, in the ultimate analysis, the supreme end of foreign policy is not peace but national survival. (This does not, please note, mean that national survival cannot be widened to cover regional groupings, or still wider to a Commonwealth, and eventually, may be, to a world federation of states).

DISARMAMENT FOR PEACE OR WAR?

A second fallacy is that peace can be automatically promoted by disarmament. This argument is that if all nations had less capacity to make war, war would be less likely. If smaller armies mean smaller wars, then no armies would mean no wars. Walter Lippmann, writing in 1943, pointed out that such a theory is applicable, "if at all", only to Tibet, "which has no foreign relations, cannot be invaded, and is not worth conquering." Despite his cautious qualification "if at all", this sentence has an ironical ring in the light of Tibet's recent "liberation". The truth is, of course, that Tibet's fate is a vivid, next-door, topical example of what happens to a country which has no army and no allies. Once upon a time the Tibetans were an Asian power. Their domains reached across the Pamirs to the empires of the Arabs and Turks. Turkestan and Nepal were their subjects and the Chinese paid them tribute. Their influence extended to the Gulf of Bengal. But in the course of time, the Tibetans became rent by internal strife and lost their independence through interventions which they were powerless to stop. In the past 250 years their fate has been decided in Peking, London, and Delhi, usually without consulting their wishes at all. India has resources, industrial and agricultural, which are capable of enormous development. But if India is disarmed and without allies, the uses to which these resources will be put will be decided not in Delhi but in Peking, Moscow, or elsewhere.

Walter Lippmann reminds us that the movement for peace by disarmament was initiated by President Harding who, subscribing to President Wilson's views that all wars were caused by alliances, insisted that the British should end the Anglo-Japanese alliance. This left Japan isolated, and as no nation is ever strong

enough to live without allies, Japan teamed up with Germay. The U.S.A. then committed herself to the (moral) support of China's territorial integrity, in alignment against Japan's known ambitions. In the interests of peace, the U.S.A. next imposed a reduced ratio of forces on the British and U.S. navies, especially for long-range offensive ships, which in effect guaranteed Japan against any effective British or U.S. intervention in the Far East. The U.S.A. then pacifically agreed not to develop her advanced bases at Guam and Manila. Next, inspired by a peaceful anxiety not to annoy Japan, the U.S.A. acquiesced in the militarisation of the mandated isles which protected Japan's flank in her subsequent moves to conquer the Philippines and South-East Asia.

The U.S. idea was that as long as the ratio of the fleets was maintained, the balance of world power would be the same, although the fleets were smaller. In fact, however, the result was to reduce Anglo-American control of the world's seaways, for as the size of the fleets was reduced so was the area which they could control. The British could no longer maintain a fleet at Singapore, and eventually they all but lost control of the Mediterranean. The Americans could not protect their Atlantic communications and in the first year of the war suffered losses in the Caribbean and their own coastal waters. I remember being nearly sunk in an American liner by a German submarine off the American Atlantic seaboard. The overall result of this Anglo-American tribute to pacifist disarmament was to encourage Germany, Japan, and Italy, in their beliefs that the democracies could be ignored. What oceans of tears and blood flowed from this disarmament!

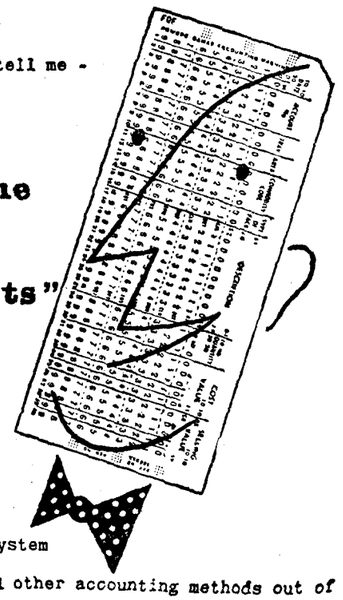
A third fallacy is that the "balance of power" theory is immoral. But what is this theory? Simply that no power shall allow any combination of powers to be strong enough to impose their will over an area such as Europe, or Asia, or in present-day circumstances, the world. Whenever any state is about to become too powerful for comfort, you throw your weight into the balance against it on the side of those who may be expected to oppose its further aggrandisement. It is, I suppose, because this strikes many people as "treacherous" or "provocative" that the theory is disliked. Those who think thus are thinking of "shot-gun diplomacy" in which you agonisingly re-appraise your policy in public to a chorus of Knowlands and Bevans, and an orchestra of editorials. But when your re-appraisals are couched in technical diplomatic language (which threatens to become as dead as Latin or Sanskrit today) and are discreetly handled between ambassadors, national prides are not wounded, and statesmen can consider realities without risking a popular outcry.

Others try to discredit the balance of power theory by pointing out that wars broke out in Europe even when it was the accepted doctrine. I have not space enough to do more than refer you to history to see that this point is difficult to sustain. To be effective, the balance of power must convey an impression of certainty. For example, from the beginning of the century, Germany made her expansionist ambitions clear by building a navy to rival the British. If the British and the Americans had got together on a joint naval programme, and had intimated diplomatically but certainly that for every German ship laid down, they would lay down two, the Germans would have seen the point. Had Germany known for certain in 1914 that if she became engaged in war with France and Russia, she would find Britain against her, she would have used her influence on her ally, Austria, to refrain from the ultimatum that precipitated World War I. The trouble was that the realities of foreign policy had been forgotten in the piping days of peace, and neither the U.S.A., Britain, Germany, France, nor Russia, had any clear foreign policy commitments that, by confronting them with their responsibilities, would have compelled each to talk sense to one another behind the diplomatic scenes and avoid a general conflagration. The balance of power is not automatic. You must enforce it.

[This is the third of a series of four articles discussing the Principles of Foreign Policy. Next week's final article will be: "What Is India's Foreign Policy?" —Ed.].

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A DELHI DIARY

NO PEAKS: NO PROFITS

NEW DELHI has shown no signs of enthusiasm this week in spite of the fact that on Wednesday it was announced that the interim index of industrial production had reached in November 1954 a figure of 159.9, 18 points above the October figure and 7 points above the previous peak of 152.6 in September 1954. There are few people in Delhi who find statistics interesting or intelligible. I have been trying to interest many Members of Parliament in these figures but (alas!) without success. I suspect that proceedings in Parliament and Budget figures have wearied them excessively to the point of denying them the capacity of being enthusiastic. Equally it seems they have lost the capacity to express deep depression. On Wednesday Mr. Jagjivan Ram boldly presented the (terrible!) result of the working of the Indian Airlines Corporation. Not merely did he make no apology for losses; he actually said that he could give no hope of a reduction in losses and thought there might even be an increase because of the higher operational costs of the new aircraft the IAC intends to utilise. Members of Parliament seem anxious to overlook the failure of Operation Public Airlift. It seems that one of the conditions of the acceptance of the socialistic pattern of society is that one should neither applaud a spectacular rise of industrial production in the private sector nor censure a spectacular loss in the public sector!

FICKLE BUT NOT FEMININE!

One particular Ministry which generally escapes criticism has encountered this week some heavy weather. There has been pointed comment in New Delhi on one posting and one cancellation of posting in the External Affairs Ministry. It has been pointed out there was no justification for the recall of Sardar H. S. Mallik from Paris if he was to be sent back in the normal course to resume his work there as if no farewells had been said. There are some who think there should have been a change. In one of my (infrequent!) visits to this gay capital city, I found that our Paris Embassy closes on Saturdays whilst the French Foreign Office does not; and I surmised that the long week-end is practised in the Indian Embassy in Paris for reasons which have little to do with India's prestige abroad. But I am not complaining against our Ambassador; I have ample evidence that he was not responsible for his recall or for his return though the pulling of strings on these matters is not, it seems, now excluded by the Civil Service Conduct Rules.

The other matter on which there has been comment in New Delhi is the cancellation of the posting of Sir N. R. Pillai, Secretary-General of the External Affairs Ministry, as Governor of the Reserve Bank. For the last six months work in the Reserve Bank of India has tended to be held in suspense precisely because it was expected that there was to be a change of Governor. It was unfair to Sir Benegal Rama Rao to leave him in a position of suspense for so long a period. On a posting of this importance, the changing of orders reflects little credit on whoever was responsible for either the original posting or its cancellation. As in the law of perjury when an accused makes two statements which are contrary to each other it is not necessary to prove which was false, so in this case I need only contend that either the original order or its cancellation was in error!

I give, unrequested, my surmise of what is the chain of events which led to the cancellation of Sir N. R. Pillai's posting. I think as the time of departure came near, the Prime Minister recognised how much the External Affairs Ministry depends on his objective approach to many things. There is believed to be a strong personal equation in the second line of command in the External Affairs Ministry, which leaves the impression that Sir Raghavan's presence would be missed. This is not modified but possibly augmented now that there is a real possibility of Mr. V. K. Krishna Menon's coming in as Minister without Portfolio primarily concerned with External Affairs. It is good to have checks and balances. Or would we be better off if everyone in External Affairs signed meekly on a single dotted line?

WITHOUT COMMENT

In view of the interest that the payment of compensation has acquired because of the Constitution (Fourth Amendment) Bill, I append without comment certain proceedings of the House of Commons of Wednesday, March 23.

PICCADILLY WIDENING

£20,800 for 167 sq. yds.

Mr. STOKES (Ipswich, Lab.) asked the Minister of Transport whether he was aware that the 146 sq. yards of land required for widening Piccadilly, costing £20,800, worked out at £686,400 an acre; to whom was the purchase price paid?

Mr. BOYD-CARPENTER said that the London County Council told him that the area involved was 167 sq. yds. The land was at present owned by the Commissioners of Crown Lands.

Mr. STOKES suggested that was an absurd price to pay even for 167 sq. yds., which worked out at something like £676,000 an acre, or £16 a sq. foot. It was an outrageous price to pay even for the Commissioners of Crown Lands.

Mr. BOYD-CARPENTER said that if one took compulsorily another person's property, it was reasonable to pay compensation which had some relation to its value (Ministerial Cheers).

I see that the Commissioners of Crown Lands in the United Kingdom are not averse to profiting from unearned increments. I might add (sotto voce!) that neither is the Government of India. Has anyone heard that the Government of India's rate for land in the Diplomatic Enclave in New Delhi is Rs. 90,000 per acre? Is there no unearned increment here? Or, is it that Governments are free to profit in a manner which in principle is iniquitous for private property owners?

ARGUS.

Special Articles

INDIA'S MANAGEMENT NEEDS

BY

G. CORSON ELLIS

[Problems of industrial management, which are certain to loom large in India's second Five-Year Plan, have directed attention to the need in India for the development of trained executives. 'The Eastern Economist' has, therefore, sought the assistance of a leading authority on management problems to set out a preliminary statement of India's management needs. Mr. G. Corson Ellis is a partner in the well-known management consultancy firm of A. T. Kearney and Company, Chicago, and is also the Vice-President and Director of the Association of Consulting Management Engineers in the United States.—Ed.].

INDIA is engaged in a colossal effort to raise the standard of living of her people. An important segment of this effort is a programme of industrialization. It is hoped that production will be doubled in the next seven years. This means that India's managerial and technical capacity must be more than doubled in the same period.

It is not strange that the essential of such a programme is trained and experienced men. Certainly, capital is needed. However, without men of integrity, leadership, intelligence and initiative capital alone is sterile.

The universities of the country are engaged in a masterful effort to educate the technicians and managers who will operate these industries. But educated men are not trained men. It is only after educated men have been tempered in the fire of experience that they can develop the maturity of judgment and the qualities of leadership and decision that are the mark of the executive.

For management, contrary to popular conception, is not a matter of techniques and technicians. These are but tools. Management is not a science in spite of the term "Scientific Management". It is an art calling for the highest skills. Management is the guiding force that welds the various phases of an institution together into a co-ordinated team working towards a common goal, the welfare of the community, including consumers, employees and shareholders.

If this be the case, then the major effort of all must be directed towards the development of those men who can be the leaders of future.

This is not an easy task; in fact, it is the longest and the hardest one that management has to face. For men are not made in a day. The task cannot be delegated to some institution of learning or to formal training courses. Men are, more than anything else, the product of their environments. It is in the creation of an environment favourable to growth that management can make its greatest contribution to this problem. It is no accident that one railroad in the United States has produced more railroad Presidents than all the others put together. It is because the atmosphere was favourable to executive growth.

In the United States, progressive management is still dissatisfied with the work that has been done in developing managerial talent. This subject is currently engaging more attention, possibly, than any other. It should, because it is the most important.

While there are no shortcuts to managerial development there are steps which can be taken to accelerate the process. Education in post-graduate, evening and advanced Management Courses in the universities is one of these. These have been started in India. But again let us emphasize that education can only provide the theoretical background which provides the foundation on which practical experience can build up the trained men.

Another and important step is the Management Association. These are voluntary associations of those interested in management. They promote interest in management and provide forums for the discussion of managerial problems. By the free interchange of experience men can acquire additional knowledge and profit by the experience of others. They can also broaden their perspective.

Institutions such as these have been started in a number of cities in India. Their success will be directly proportional to the leadership exerted by the number and quality of their members and to the amount of effort put into the programmes. This is not something that can be delegated to a paid secretary or another official.

This effort is a vital one but it still is only one step in many. For the development of men is an extremely complex process and a long one. India's needs, we are told on every side, are pressing.

While it is true that some of the technicians and some of the managerial talent can be obtained from foreign lands and while it is true that much technical and even managerial help is being supplied through the Technical Co-operation Mission of the United States, from the International Labour Organization, the United Nations and others, these cannot begin to supply the need. The men must be supplied by developing Indians to run Indian industry whether it be in the private or the public sector. But five to seven years is far too short a time.

As we have seen this is a long, slow and laborious process. However, there is one further means which can be used to accelerate materially the accomplishment of the task, namely through the use of management consultants.

These are widely used in the United States and other foreign countries. Starting with the work of Federick W. Taylor in the latter part of the last century in the field of production, the use of management consultants has spread into all phases of management including economics, marketing, accountancy, finance, human relations, labour, engineering, product design, advertising, merchandising and others.

Most of the larger and most successful corporations in the United States use consultants extensively. Their use does not imply some deficiency in management. Rather it implies an open-mindedness. For the good consultant can supply the time to study and to prepare a plan which the busy executive or his staff often does not have; he can supply the outside point of view which is so often needed; and he can supply the experience which he has derived from previously having encountered similar problems. He cannot, of course, reveal the secrets of one client to another but can supply a knowledge of basic principles and their application to particular needs which he has learned. He is a medium for the free exchange of ideas in which all progress is based. He is basically a teacher.

The use of consultants has not as yet found very wide acceptance in India although there are a few. There are also a number of consultants of various kinds in the Technical Co-operation Mission and other missions. Yet the impact of these on the economy of India cannot be sufficiently great and it can only be lasting unless Indian counterparts can be trained to do consulting work, to multiply the efforts many times and to carry on the work in the future.

This can be done. Recent studies show that there are Indians available who can do this work. There are many others who can be trained to do it. These same studies show that there is a substantial if not a widespread demand in Indian industry for this kind of consulting service.

If then, the available foreign consultants can be assigned Indian counterparts working with them in a consultative capacity to industry or Government, not only should an objective solution to the problem at hand be found and members of the client's organization trained to carry out the recommendations evolved but also an Indian counterpart will be trained. He, in turn, can train others.

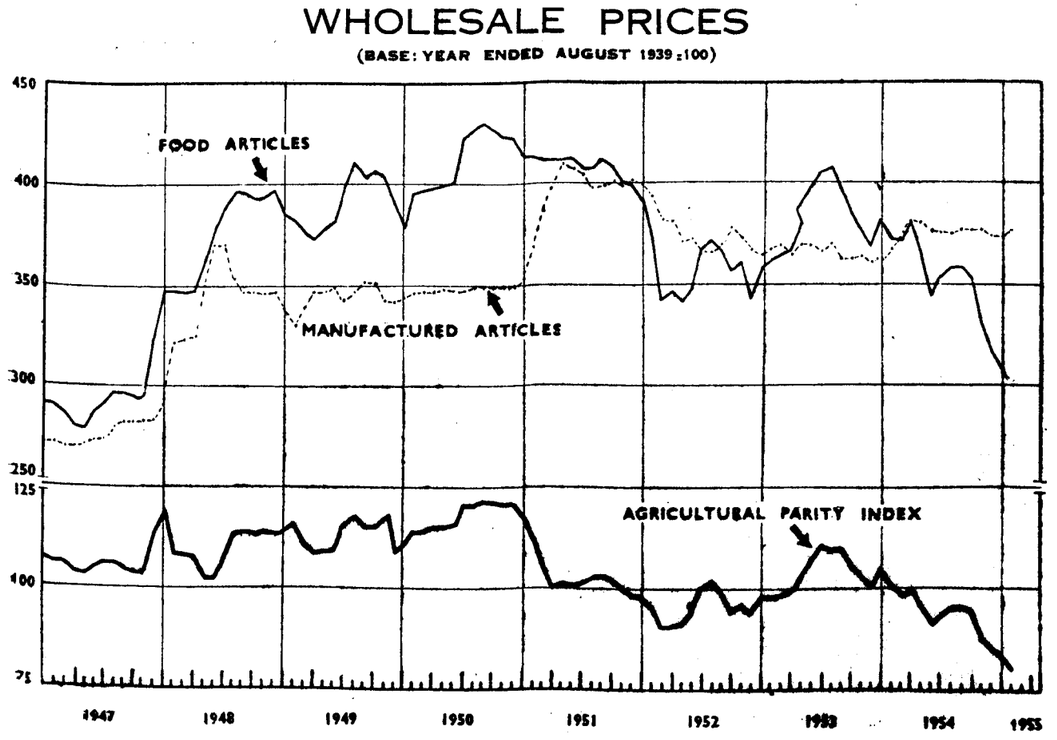
This will not happen overnight. It will take some time. It will not take place of itself. It needs the support of industry and of the Government. Its success requires: a group of Indians of the highest calibre who can command the respect of their fellow countrymen; a few institutions to offer themselves as subjects for study, as demonstration cases to prove what good management can do and to spread the word and finally an underwriting of the possible deficit of the Indian group or groups until such time as demonstrated capacity to perform a service to the community enables these groups to charge sufficient fees to place them on a self-sustaining, if not on a profitable, basis.

Thus by using trained men as consultants to train others, an important and growing impact can be had. Let it never be forgotten, however, that the success of the venture will depend not so much on the ability of foreign consultants as upon the character and calibre of the Indians who make up the groups.

AGRICULTURAL PRICES AND RURAL CONSUMPTION

OFFICIAL and public attention is again focussed on the question of stabilisation of agricultural prices, following the recent significant fall in the prices of cereals, pulses and other food articles. In assessing the magnitude of the fall, it will be useful to see (1) the extent of the decline in wholesale prices of agricultural produce during the past few years and (2) a month-by-month comparison of prices of food articles indices with those of manufactured articles.

The wholesale index of 364 in February 1955 for food articles is the lowest in wholesale terms since independence and the most significant decline has been in pulses which touched 236 in December last year from as much as 424 a year before. Subsequently there has been practically no improvement. During January this year pulses touched 238, while cereals declined from 364 to 352 and other food articles from 318 to 310. Last month, that is, in February, the downward trend had continued, cereals dropping further to 343 and food articles to 304. In terms of percentages, during the past year the price of rice fell by 18 per cent, of wheat by 13 per cent, of jowar by 41 per cent, and of bajra by 21 per cent.



Even more startling is the result of a month-by-month comparison of the index of food articles with that of manufactured articles. While during the short period of ten months—from April 1954 to February 1955—the wholesale index of food articles has gone down from 382 to 304, the index of manufactured articles has remained practically unchanged from 381 to 377. In other words, the parity index—that is, the ratio of the index for manufactured articles to the index for food articles—has gone down appreciably from 100 to 81, or nearly 20 per cent. This shows that the terms of trade have appreciably turned against the agriculturist. A fall in income of 20 per cent cannot but seriously affect the agriculturist's ability to meet his requirements of manufactured articles, such as cloth. Of the total national income of, say, Rs. 10,500 crores, nearly Rs. 5,000 crores is income from farm produce. A 20 per cent fall in the parity index is equivalent to a loss of purchasing power of Rs. 1,000 crores in the rural sector.

The urban sector, on the other hand, might benefit to a not inconsiderable extent consequent upon increase in real income, and this will be reflected in a rise in the consumption of cloth and other non-agricultural requirements.

The Government has announced a policy of making selective purchases of certain food grains. In December 1954, the following official prices were announced (per maund); jowar Rs. 5-8; maize Rs. 5-8; bajra Rs. 6-0. In addition, wheat was to be bought direct from those mandis where the price tended to go below Rs. 10 per maund. The coarse grains had already entered the market at that time and the producer could not reap the benefits of the prices announced. As for wheat, the harvest has not yet arrived in the mandis and the current prices at Rs. 12 to 14 per maund are for old stocks. Already the sentiment is bearish and with the arrival of new crops expected within a month, the prices are bound to take a more bearish course.

The Union Food Minister has, no doubt, put forward certain measures to prop agricultural prices. The Government has proposed to implement the recommendations of the Rural Credit Survey Committee, including co-operative marketing, processing and warehousing. Although the suggested measures favourably reacted on the produce markets, it was only a psychological reaction. To what extent the present level of prices will be sustained remains to be seen.

Even, however, if present falls are arrested, they leave uncorrected a change in the terms of trade between town and country which must have a significant effect on the pattern of consumption of such articles, for example, as cloth.

Wholesale Prices

(Base: Year Ended August 1939=100)

Items	1948	1949	1950	1951	1952	1953	1954	1955 Jan.	1955 Feb.
Food Articles ..	374	389	410	410	360	381	358	310	304
Cereals ..	443	465	471	483	450	451	404	352	343
Pulses ..	424	438	449	506	483	494	321	238	238

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The Business World

REGULATION OF STOCK EXCHANGES

IN justification of the form in which the Securities Contracts (Regulation) Bill, 1954, has been presented to Parliament, a claim has been advanced by the Government that it is the outcome of consultation with every interest affected by it. It now appears that this procedure of circulation of the draft Bill was no more than a formality. The representations made and memoranda submitted to the Government have gone unheeded. The Bill as now presented to Parliament not only retains all the features of the draft Bill to some of which strong exception has been taken in the memoranda but also goes a step further in tightening the powers of the Government to control the autonomous functioning of stock exchanges.

The policy of regulation of the machinery for contracts in securities, through legislative measures, with the definite purpose of ensuring its functioning on sound lines has been universally acclaimed and to that extent the advisability of enacting all-India legislation has been endorsed by the trade. In so far as the provisions in the Bill are conceived in this spirit, no opposition has been voiced against the powers of regulation that have been vested in the Central Government. Outside the range of recognized stock exchanges, considerable buying and selling activity in securities prevails and here there are real risks that the small investor or the investor with financial resources but without recourse to a stock exchange may be misled by the unscrupulous broker or dealer. The Bill seeks to enforce the system of licensing to carry on the business of dealing in securities in such areas.

The major criticism of the Bill is not that it seeks to invest the Government with powers of regulation but that serious injury will be inflicted on the normal working of stock exchanges as a result of misconceived intervention. Regulation has been pushed forward to an extreme where it must cripple the autonomy of established stock exchanges. The joint written representation made by the principal stock exchanges in Bombay, Calcutta and Madras to the Government last week readily concedes the necessity of regulation of the activities of the organized stock exchanges as well as of brokers functioning in areas that are not served by the exchanges. But with the powers with which the Government has now sought to be armed in the name of regulation, the stock exchanges will merely become pale reflections of their current selves.

The powers of prohibiting contracts in securities in specified areas under certain circumstances, with prior consultation of recognized stock exchanges, compulsory listing of securities and appeals against refusal of stock exchanges to list securities of public companies, declaration of emergency and extension of periods of emergency in specified situations are among the provisions of the Bill which are calculated to ensure healthy regulation of stock exchange activities. From suspension of business to supercession of the governing body of a stock exchange, however, is a drastic provision, excessive in relation to present or future needs.

The safeguards are primarily of two types and the powers of control exercisable through them are quite adequate to prevent outright speculation under cover of forward deals. The conditions of eligibility for approval by the Government as recognized stock exchanges have been prescribed with the definite purpose of ensuring their administration on well-accepted and secure principles. These include the qualifications of members, the mode in which contracts are to be entered into and enforced between the members and maintenance of accounts of the transactions of members and their periodical audit. The powers of grant of recognition and of withdrawal must suffice to bring a full sense of responsibility and a healthy code of business practices to bear on their normal working. The stock exchanges have been placed under an obligation to accept Government nominees on them—a device employed to incorporate an independent element. In enlarging the strength of those nominees to an unspecified number to be drawn from official or non-official quarters, this provision makes a serious inroad on the autonomy and compact nature of the stock exchanges. The original proposal of restricting their number to two official nominees, representing the Government and the Reserve Bank, ought to be restored.

The Bill leaves an escape way which can be employed successfully to thwart the jurisdiction of the stock exchanges. Clause 2 (i) defines a "spot delivery contract" to provide for actual delivery of security and payment of price within a period extending up to three clear days exclusive of time taken in postal transit. Spot delivery contracts must be executed on the very day they are entered into. The concession of extended time granted by virtue of this novel definition can be abused with impunity for transacting futures deals. This loop-hole which was absent in the original draft Bill ought to be plugged, if forward deals of any description whatever are to be brought under the jurisdiction of recognized stock exchanges.

EXIT THE LABOUR APPELLATE TRIBUNAL

By

CROESUS

I HAD originally decided to devote this column to the Second All-India Handloom Week, but the reported decision of the Government of India to do away with the Labour Appellate Tribunal, and that only two days after the Labour Appellate Tribunal had, for very good reasons, set aside an award of the Madhya Pradesh Industrial Court—some suspect that this decision of the L.A.T. must actually have precipitated the Government's decision—has made me change my mind. For I regard this as the second serious attempt—the first being the Constitution (Fourth Amendment) Bill—on the part of the powers-that-be to abridge the rights, albeit of a section, of the public to get their grievances redressed in an easy and effective manner by having recourse to appeals from a lower to a higher and, if need be, to the highest court of law in the country, untrammelled by any restrictions, especially of the Executive. If the L.A.T. is abolished, and the proposed new procedure for settling industrial disputes is adopted, I am afraid, the enjoyment of this right will become well nigh impossible.

It was the late Sardar Vallabhbhai Patel, if I remember right, who had the wisdom and farsighted-

ness to appreciate the need and was, in fact, responsible for instituting the Labour Appellate Tribunal after watching the working of conciliation boards and the work of adjudicators and Industrial Courts, whose decisions even on more or less the same issues at dispute often varied widely from place to place in the absence of a case law on Industrial Relations. Nothing has happened since then (except the elevation to the Union Cabinet of two of the staunchest advocates of the abolition of the L.A.T.) to throw overboard a constructive piece of work of so eminent a patriot and fighter for the cause of this country's independence as the Sardar, no sooner than he has ceased to be with us. On the contrary, the recent L.A.T. award in the Madhya Pradesh textile bonus (1950-51 and 1951-52) issue is, if anything, a complete vindication of the case for retention of the Appellate Tribunal—not for the its abolition as has now been proposed. A brief reference to the dispute, the Industrial Court's findings and the L.A.T. award will, for this reason, be particularly appropriate here.

The award in question followed an appeal preferred by the Madhya Pradesh Millowners' Association on behalf of the nine textile mills of the State against an Industrial Court Award of 1953, granting half to three months' bonus on the basis of the results of working of individual mills and a counter-appeal by three labour unions of the same State demanding an enhancement of the bonus granted by the said Industrial Court. The counter-appeal was dismissed and the Industrial Court's award also was set aside, while the Millowners' Association's appeal was allowed "to the extent that, in the place of the bonus given by the Adjudicator—that is half to three months' bonus—the amount of bonus shall be such sum (that is, 25 per cent of the bonus granted) as has already been paid to the workers by way of bonus." It must be added here that, although the Association could well have fought the issue on merits and probably won, it properly accepted the L.A.T.'s suggestion to treat what had already been paid to the workers as bonus. This was, indeed, a sporting gesture on its part.

In rejecting the appeal of labour, the L.A.T. has made certain notable observations. It has clearly said that "this decision should be a warning to adjudicators who feel inclined to import their personal ideas into matters which have been already settled by our decisions." As the Tribunal has modestly and rightly pointed out, while it claims no infallibility for its decisions, where it has settled principles and those principles have been applied and followed throughout India, "it is an affront on the part of an Adjudicator to set those principles at naught. It has resulted in this case in waste of time and money and, what is worse, in needless disappointment to labour."

Let me draw attention to the principles settled, applied and followed throughout India which have been flouted, in deciding the bonus issue, if only to caution all about the gravity of the situation that would develop in the absence of the L.A.T. to settle and lay down principles periodically. If, even when adjudicators know that their awards will be subjected to scrutiny, revision and stricture, at times, as has happened in the present case, they can afford to be so "irresponsible," one shudders to imagine what might happen when there would be no appeal whatsoever from their decisions, as has been envisaged under the proposed scheme.

Now, the basis for the Adjudicator's decision under reference, according to his own admission, is the Full Bench Judgment of the L.A.T. (1950 (2) Law Journal p. 1247) which clearly provides a formula for the ascertainment of bonus, but, as the Tribunal itself has found, the Adjudicator "has deviated from it in material respects". He has gone out of his way to go into the nature of depreciation fund or reserve for rehabilitation, replacement and modernisation of machinery and, not stopping at that, has advanced the fantastic theory that, since "this fund is formed out of funds set apart from gross profits and the contribution of labour to the earning of gross profits must be considered in determining the right of ownership or control over this fund....it would not be wrong to hold that whatever is left after paying out of the gross profits a fair return on paid-up capital should belong to the workers!" Without going into the wisdom of this personal view of the Adjudicator or, for that matter, his wisdom in giving expression to it, the L.A.T. has curtly dismissed it by saying "this concept is quite contrary to the view taken by the L.A.T. in its Full Bench decision."

It has been made evident in one of the past decisions of the L.A.T.—and that in the case of the textile mills of Madhya Pradesh themselves—that "the scheme of its formula was to do social justice; our Full Bench was moved by a desire to give a fair deal to labour and the resultant formula was the best that we could devise in the circumstances to do justice between the parties. That Full Bench decision stands, and this Bench is bound by it; we have no power to engraft exceptions on it which would have the effect of destroying that balance of considerations on which our formula is founded." And yet the Adjudicator seems to have thought it necessary to super-impose his own ideas on this, notwithstanding the Supreme Court's categorical depreciation of the idea of Adjudicators importing consideration of social justice not compressed in the formula, in the Muir Mills case.

Moreover, as the M.P. Millowners' Association has pointed out, there were three heads of deviations by the Adjudicator, namely: (1) allowing of only such depreciation as had been set apart in the balance, though the formula provides for charging statutory depreciation; (2) grant of only a 4 per cent return on paid-up capital and of only 2 per cent on capital contributed out of bonus shares, and holding (wrongly) that none of the mills had established that the reserve funds were utilised as working capital for a definite period, and (3) not allowing the rehabilitation reserves on the score of no data being available.

In ruling out all these main deviations, the L.A.T. has held that "statutory depreciation has been taken as a fixed item and a prior charge in our formula," and that, therefore, the Adjudicator was in error in allowing only such depreciation as the mill had shown in its balance-sheets." "It may well be," the Tribunal points out, "that a particular mill, although entitled to statutory depreciation by way of a prior charge for the purpose of bonus, may not have been able to set aside the amount in any year on account of business or financial reasons." And, proceeding further, it says unequivocally: "We cannot compel a company to put into its depreciation fund any portion of its profits, but we can compel a concern to pay workmen on the basis of a particular formula."

Similarly, in regard to the provision for reserve fund, the Tribunal has castigated the Adjudicator for holding that it is "a fund set apart for a certain purpose" and, arguing, in the case in question, that the millowners have defied the L.A.T.'s formula in failing to set apart amounts as reserves for rehabilitation, replacement and modernisation of machinery and further for failing to show that the fund has been used to the detriment of the interests of the workers as alleged by him. It is significant that the Tribunal has disabused the mind of this Adjudicator—and also of others who think like him—that it gave no directions but only laid down a formula which the party seeking bonus and the party bound to pay bonus are both required to follow. Inasmuch as statutory depreciation is a component of the formula as a prior charge, it has held, it must be deducted as such.

Again, as regards return on capital, the Tribunal has recalled its decision in the case of Ruston and Hornby (India) Ltd. and their workmen as well as in its recent decision in the Bombay Textile Mills' case (Special Bench), that "no distinction can be drawn between bonus shares and paid-up shares in the matter of the return which they should receive. Every encouragement must be given to the ploughing back of profits into the industry and the bonus shares are nothing more than that and the additional capital thus incorporated aids the structure. Furthermore, the reserves which are converted into bonus shares no longer earn a return as working capital and, consequently, it is wrong to say that the creation of bonus shares results in any undue burden. The reserves, having been converted into bonus shares, become part of the block to the advantage of the concern and to the general benefit of the workmen and the creation of bonus shares is subject to Government control."

The Tribunal has disagreed with yet another decision of the Adjudicator, namely that there should be no return on reserves used as working capital. "We think," says the Tribunal, "that return should be allowed on this item at 2 per cent."

It may further be noted that the Tribunal has had to point out the inaccuracy even about the Adjudicator's statement that "no calculations can be made in this case as the necessary data is (are?) not available." To quote its own words, "we find no support for the Adjudicator's statement that no calculations could be made as the necessary materials were not available". It is not necessary to add to this list others such as the Adjudicator's taking exception to valuing stocks at market prices and holding the refund of E.P.T. as being part of the income of a particular year. It was because the Adjudicator interpreted the L.A.T.'s formula and drew freely on his imagination to determine what he regarded as social justice that the Tribunal has been forced to conclude: "It is to be regretted that the Adjudicator, by importing considerations which found no place in our formula, has granted bonus in contravention of the plain decisions of the L.A.T. Still more do we regret that the Adjudicator thus created false hopes in the minds of labour."

This is the state of affairs even when we have a Labour Appellate Tribunal and a fool-proof formula to determine the question of bonus. Does not this single example alone convince anyone about the supreme need for an appellate authority to revise unwarranted and fantastic decisions of lower courts? But our omniscient Government or at least a couple of Cabinet Ministers refuse to be convinced. The rather tendentious report in the Press gives one the wrong impression that representatives of both employers and employees have themselves suggested the principles for creating a new machinery for settlement of disputes on the lines proposed and inferentially, therefore, for the abolition of the L.A.T. Employers' representatives have, as everyone knows, vehemently opposed the proposal for the abolition of the L.A.T. and it was only when they were told by the Union Ministers for Planning and Labour that the Government had decided to abolish the L.A.T., I understand, that they requested that at least high judicial officers, oppointed preferably by the Union Law Minister, should be asked to preside over the newly proposed tribunals—national tribunal, State tribunal and labour tribunal. Although it seems to have been provided that senior High Court judges, judges of High Court status and senior civil judges, respectively, should be appointed to these tribunals, the fact that the appropriate authority, that is the Executive, is to make these appointments might tend to detract somewhat from the independence of the judiciary. Again, it is not as though all cases can be taken before these tribunals, for the Central and State Governments will continue to have the discretion to refer any dispute not settled by conciliation to the National Tribunal, the Labour Tribunal or the State Tribunal, as the case may be. The provision that there are to be no appeals from the National Tribunal except to the Supreme Court may save time, but, if, at any time, the decision goes against labour, can labour be expected to put itself to all the expenses of taking the matter to the Supreme Court? What it might do in such an event should be clear to all those who have closely followed the fate of the Bank Employees' dispute. So both those who cannot afford the expenses and those who may not want to adopt irresponsible methods would be left high and dry.

When this question was mooted during Mr. Giri's Labour Ministership, it would appear, he had assured employers that he would entrust all appeals to a newly created and separate wing of the High Court. If this at least were done, the independence of the judiciary could be said to be fully ensured. Otherwise, labour disputes might tend to be decided to the liking of the Executive, that is the party in power. In this conviction, even as it is, the number of cases—not percentages—referred to arbitration at the instance of trade unions belonging to different political parties tells its own tale. The protection that an appeal to an independent judiciary provides in these circumstances is too precious a right either to be surrendered or to be deprived. I hope that, when the new Labour Bill which proposes the new scheme comes up before Parliament, our legislators would be alert enough.



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BUSINESS NOTES

POLICY FOR COAL WASHERIES

THE Coal Board's Press Note of March 26 last in clarification of its policy on installation of new washeries must be taken as representing the first instalment of the official decision on the report of the special committee which completed its investigations into the subject last year. The methods of piece-meal decision has little to commend itself, but in spite of this basic drawback the Press Note is helpful to the industry in so far as big collieries intending to instal washeries will be given the green signal to proceed with their projects. This is probably the only positive aspect of the policy for washeries explained last week. Each case of projected installation must be considered on merit and it is perfectly reasonable to expect that consent to the project should be given primarily on the test of capacity of the washeries being equal to the output of the individual collieries. In certain cases where the gap between plant capacity and colliery output is small, installation should be allowed and this is what the Coal Board has chosen to do. In that event, the question of higher cost of washing coal and the rate of depreciation of plant are material factors for which allowance ought to be made. The Board has given an assurance about including these factors among the criteria for fixing the quantum of financial assistance.

This discretion can be exercised with primary regard to the objective of conserving coal of the superior grades and reducing the ash content to the minimum, thereby bringing a substantial decrease in transportation costs to the industrial consumer. It is presumed that under normal conditions collieries producing less than 30,000 tons of coal per month will find the outlay on the installation and maintenance of washeries uneconomical. This limit may constitute as one of the consderations in exercising the discretion. But the Board's present concern seems to be with the numerous applications for aproval of washery projects that have been pressed on it. Since the grant of approval involves readiness to provide financial assistance to meet part of the cost, the relation between plant capacity and colliery production must be properly scrutinised. What most of these applicant collieries have done is to ask the Board to raise the ceiling on their output of coking coal to make the operation of washeries an economical proposition. The Board has rightly declined to accord its approval for this purpose for the plain reason that such a course would entail over-production and waste of this type of coal. The practicable course that is open in the circumstances, and one which the Board has adopted, is to ask them either to put up the washing plants in conjunction with nearby collieries producing coal of the same characteristics or to undertake washing their coal at their own plants. This is going some way in the direction of merger of smaller collieries on a voluntary basis. But at a later stage the issue of merger which is vital to the efficient operation of the coal industry will have to be settled in a forthright manner.

GENERAL INSURANCE RATES

LAST year's precedence of the unexpected launching of a campaign of rate reduction in the life insurance business has put insurance companies on their guard and it would appear that general insurance business has benefited by this experience. One of the compelling reasons of downward revision in the tariffs for life insurance was the impact of growing competition for new business. General insurance has not been very late in undergoing the impact of a similar trend and currently the structure of this business in all the different sectors is disclosing signs of heavy strains. A move is already afoot to consider specific ways in which fire insurance rates should be reduced and it would appear that a section of the business is impatient to introduce the policy of reduction. Precipitate or unilateral action, however, has not been taken, but this policy of restraint is unlikely to continue long.

At the last annual general meeting of the Indian Insurance Companies' Association held at Calcutta on March 24, the president, Mr. B. C. Rakshit, pleaded fervently for joint consultation before giving effect to any scheme of rate reductiin. In the two other major branches of general insurance—motor and marine insurance—experience has generally established the inadequacy of premium receipts to cover liabilities of maturing claims. Revision of rates must take into account the claims factor which predominantly governs the financial position of general insurance companies. With lower premium income and keener competition for business, financial strains would not fail to make themselves visible and serious difficulties would arise in conforming to the restrictions of the expense ratio. It is obvious that rates cannot be held firmly at present rates. In the situation, the defensive action open for insurance companies is to encourage rationalisation by merger of uneconomic units into larger companies or their integration into large-sized viable units.

BANK NATIONALISATION

IN the face of the firm commitment of the Government on establishing the State Bank for the whole of India by the nationalisation and integration of the Imperial Bank and the State-associated banks, any discussion on the merits and advisability or otherwise of the policy of nationalisation would be purely academic. This decision should now serve to direct attention to the implications which it carries in order to ensure that minimum dislocation is caused to the structure of commercial banking in the country and to safeguard the eventual success of this project of the State Bank. Theoretically, the State Bank is to serve the dual purpose of financing the requirements of agricultural and rural credit, on the one hand, and retaining intact the commercial functions of the integrated units, on the other.

This is obviously to endeavour to accomplish the ideal, and if the basic limitation of financial resources of the component units in relation to the aggregate needs for the purposes is appreciated, the difficulty of achieving the goals will be obvious. The correct course, therefore, would be to spread the transition to the formation of the State Bank on a full scale over a prolonged period. The expediency of the process of gradualism is dictated by considerations of technical manpower and the caution needed in building up a corps of officials conversant with the technique of the operation of co-operative societies engaged in the provision of credit, marketing and processing trades. The Finance Minister's statement in the Lok Sabha during the debate on Economic Policy in December last shows an awareness of the need of proceeding with caution and in stages in executing the project of the State Bank. But the fuller implications require very exhaustive investigation.

Mr. Tulsidas Kilachand has urged that this transformation of the Imperial Bank and the State-associated banks should not start simultaneously since a serious risk will be involved in such a course of under-

taking the venture with the aid of bank staffs ill-equipped for it. There is much to be argued for his plea that this big experiment should start with the Imperial Bank in selected areas and the State-associated banks should be drawn into the picture only when an adequate cadre of personnel trained in the task set for the State Bank is built up. Mr. Tulsidas Kilachand's annual presidential address at the last session of the Bank of Baroda was reasonably expected to deal with the status of the bank for the purpose of integration. It is difficult to see how the Bank of Baroda can be branded as a State-associated bank now. Its association with the former Baroda State was partial; the major part of its functions was commercial and it has participated in foreign business on an appreciable scale. It is for a long time essentially a commercial bank. Its character of State-association terminated with the merger of the Baroda State with Bombay.

RATIONALISATION IN MILLS

THE speech of Sir Robert Menzies at the 35th annual general meeting of the British India Corporation at Kanpur was notable for certain forthright remarks that it contained on the important issue of rationalisation. In considering the question of rationalisation, it should not be forgotten that any substantial and beneficial increase in the volume of gainful employment could only come through an expanding economy based on efficiency of operation. In our anxiety to reduce the degree of unemployment, care has to be taken to ensure that no insistence is made upon major industries maintaining redundant and unnecessary employees at the expense of mechanisation, efficiency and progress. These facts do not seem to have been properly appreciated by labour leaders in Kanpur whose non-co-operative attitude was responsible for the dissolution of the high-level committee set up last year by the U.P. Government to consider and settle schemes of rationalisation. This resulted in the State Government's ruling that further negotiations could only be continued direct between the employers and the employees. Small wonder this resulted in all the labour unions in Kanpur joining forces to form one Anti-Rationalisation Union. The pity of it is that, while the actual workers themselves appeared to be willing to earn increased wages, they were being restrained from doing so by their leaders. Even certain schemes, such as the starting of a third shift which might have absorbed a substantial part of the redundant labour, had to be put off. There could be little hope of running certain industries profitably unless production costs are reduced, and union leaders should have noted Sir Robert's emphatic observation that the schemes which the Corporation had put forward with a view to reducing costs did not necessarily involve retrenchment.

Allied to the issue of employment is retrenchment gratuity about which certain conditions have been imposed by the Industrial Development (Amendment) Act of 1953. Had labour co-operated with the management's schemes aimed at raising output and wages, the sum of over Rs. 9 lakhs, which the B.I.C. had to disburse as retrenchment gratuities, could have been saved, as also the resultant unemployment. It is true of all major industries to say that, unless production can be expanded at lesser cost than at present, lower output and unemployment will be the inevitable consequence.

TRADE WITH BRITISH WEST INDIES

THE trade delegation from British West Indies which has come to this country at the invitation of the Government of India has created interest here in the potentialities of expanding the volume of trade between the two countries, as amply borne out by its contacts and discussions with commercial organisations in Bombay and Delhi. This new interest could be easily sustained. In the following table are set out the trends, measured in terms of value, of the export and import trade of India with the principal regions of British West Indies. An important fact that is patent from these broad figures is the sudden impetus which imports of goods from the West Indies into India received in 1954. Our imports in the eight-month period jumped steeply from Rs. 42.16 lakhs in 1952 to Rs. 108.37 lakhs in 1954 and in this impressive increase Trinidad has the bulk of the share. It would be to the mutual benefit of the two countries to ensure that this level of import is maintained as a normal feature since it would help to stimulate a larger volume of exports from India. India's exports are stable as well as progressively on the increase. Mr. D. I. Lal Singh, leader of the delegation, has given the heartening assurance that prejudice against Indian manufactures no longer exists in West Indies and the offtake can be pushed up, depending, of course, on the basic factors of price and quality. The West Indies consumer would find Indian goods suitable from his particular viewpoint.

India's Trade with Principal Areas of British West Indies During the Eight-Month Period Commencing in April

(In lakhs of rupees)

	Exports from India		Imports into India	
	1952	1954	1952	1954
Trinidad	29.90	31.54	42.05	108.06
British Guiana	13.99	36.81	..	..
Jamaica	47.12	39.50	0.11	0.31
Barbados	22.49	11.35	..	..
TOTAL	113.50	119.20	42.16	108.37

CENTRAL BANK'S PROGRESS IN 1954

SIR HOMI MODY'S presidential speech at the forty-fourth ordinary general meeting of the Central Bank of India last week presents a reassuring picture of the gratifying progress made by the bank in 1954. The bank was a participant in the all-round improvement achieved by scheduled banks in their operations last year. The bank's deposits showed an appreciable increase of the order of Rs. 6 crores above the figure for the previous year. The management's policy is systematically aiming at a reduction of the investment portfolio to divert larger funds to more remunerative employment in advances and so forth. While investments in equities have increased, there has been a decrease in the gilt-edged investments and the final result shows a reduction of Rs. 1.20 crores. The difference between the book value and market value of investments has been brought down by Rs. 72 lakhs to Rs. 2.41 crores last year. Throughout the year, the average volume of funds utilised for advances and bills stood at a higher level than in the previous year.

This encouraging position, however, is not unaccompanied by certain trends which threaten to be intractable. It is undoubtedly true that gross earnings are moving up and in 1954 they showed an improvement of Rs. 30 lakhs relatively to the preceding year. But expenditure is mounting in a higher proportion with the result that the net profit could register an excess of only Rs. 1.38 lakhs over 1953. Payments for interest on deposits and borrowings consumed Rs. 10 lakhs out of this increase in gross earnings and there is

no evidence that interest rates will be brought down in the near future. Establishment charges absorbed Rs. 15 lakhs out of this increase of Rs. 30 lakhs for which additional emoluments of clerical and subordinate staff were responsible to the extent of over 66 per cent.

In the sphere of policy, the warning uttered by Sir Homi Mody ought to be heeded by the Government. Business men as well as investors must mobilise their combined influence to persuade the Government to modify the radical character of the pending legislative amendments to the Company Law and the Constitution. In default of such a course, great injury will be allowed to be inflicted on future industrial development.

JAPAN'S NEW PEAK IN CLOTH EXPORTS

JAPAN became the world's largest exporter of cotton cloth in 1954, with 1,277,395,000 square yards shipped abroad during the year, some 360 million square yards or 40 per cent more than the previous year. The amount also established the highest record for the post-war period. This conclusion emerges from the global survey of cotton cloth exports made by the Cotton Spinners' Association in Japan.

The export position is tabulated below:

(In 1,000 sq. yds.)

Country			Total export estimated for 1954
India	(Jan.—Aug. '54)	568,914	800,000
United Kingdom	(Jan.—Nov. '54)	578,832	630,000
United States	(Jan.—Aug. '54)	397,303	600,000

The Association's analysis further establishes that Japan's export of cotton yarn during the year amounted to 29,541,000 pounds, showing a rise of some 8 million pounds over the corresponding figure of the preceding year, even though it fell a little short of the 29,550,000 pounds recorded in 1952.

The trends in Japan's exports of cotton cloth and yarn in recent years are shown hereunder:

Year	Cotton Cloth in 1,000 sq. yds.	Cotton Yarn in 1,000 lbs.
1950	1,103,363	25,035
1951	1,092,212	28,115
1952	762,026	29,550
1953	914,009	21,201
1954	1,277,395	29,541

MALPRACTICES IN PAINTS

IN 1950-51 the rated capacity of paints and varnishes was 65,000 tons and production was estimated at 29,000 tons. In terms of the First Plan, the rated capacity target for 1955-56 is 70,000 tons and production target 60,000 tons. As against these figures, the actual production of paints and varnishes was 32,052 tons in 1953 and 28,829 tons during the ten months ended October 1954. Obviously, working below 50 per cent of its capacity, the industry is in a sorry plight today. The rapid growth of uneconomic factories, with insufficient financial and technical resources, has led to the manufacture of inferior products as well as unhealthy competition. As a victim of internal rivalry, the paint industry is at present faced with a situation where quality is completely sacrificed. The consequences of production of such inferior stuff on the export trade cannot be anything but deplorable. Authoritative reports from Burma and the Middle-East underline the extent to which the poor quality of our paints and varnishes has damaged the country's reputation for dependable products.

The Government of India itself has, surprisingly enough, been accused of being responsible—to a certain extent—for this state of affairs. The president of the Indian Paint Manufacturers' Association, Mr. A. E. Faizullabhoy, has, in his address to the Association's annual meeting, criticised the Government's purchase policy, asserting that its criterion of purchase "is still cheapness and not quality". If, as Mr. Zaizullabhoy has alleged, cheapness continues to be the determining factor in the official purchase policy, the malpractices indulged in by the new-comers, to the detriment of well-established firms, will persist. The evil can be effectively curbed only if the Government makes its purchases of paints according to the specifications of the Indian Standards Institution.

CO-OPERATION AND STATE PARTICIPATION

FOLLOWING the publication of the report of the Committee of Direction of the All-India Rural Credit Survey, the question as to the extent to which the State could participate in the co-operative organisation has raised country-wide interest. The Committee of Direction has, inter alia, stated that the initial help can only come from the State. The problem is "one not of rural-minded credit alone, but of rural-minded credit in conjunction with rural-minded development of agriculture and rural-minded organisation of marketing, processing, etc." It was this theme that Mr. R. G. Saraiya dilated upon in his address to the second Indian Co-operative Congress held recently at Patna. He expressed himself in agreement with the views of the executive committee of the All-India Co-operative Union, which recently discussed this problem, that State participation in the capital of co-operative organisations as well as financial help from the State are implicit in any programme of rural development through co-operative agency. State participation involves not merely State direction but also active State assistance. Although the Reserve Bank, consequent upon the recent amendments to the Reserve Bank Act, has tried to be as helpful as possible to the co-operative movement, it has yet to work under certain restrictions and has not been able to employ its huge resources as a direct banker to the Indian agriculturist. This is due, in no small measure, to certain drawbacks in the economic structure of the country, and particularly of the villages.

In this context, the Committee of Direction has done well in recommending the creation of two Funds—the National Agricultural Credit Stabilisation Fund, and the National Agricultural Credit Relief and Guarantee Fund. The first will enable the Reserve Bank to grant medium-term loans to State co-operative banks, and the second will provide relief to co-operative institutions through State Governments. In the same category of importance, Mr. Saraiya put the formation of a National Agricultural Credit Long-term Operations Fund, which will enable the Reserve Bank to make long-term loans to State Governments for the purpose of their subscribing to the share-capital of co-operative credit institutions. The setting up of these funds will, no doubt, make co-operative credit with State partnership effective, but one is impelled to doubt—as Mr. Saraiya himself doubts—whether the amounts envisaged will be sufficient to meet the needs of the rural producer. It is well known that the borrowings of agriculturists for their current farm expenditure constitute only a small proportion of their total borrowings. In large areas of the country, borrowing for consumption purposes becomes a necessity during certain seasons to a large proportion of borrowers. It is true that the purposed creation of the State Bank of India will enable much large sums of money to be pumped into the rural economy. But leading bankers have, not without justification, expressed the fear that the branch expansion of the State Bank might lead to conflict with existing co-operative credit agencies. The creation of a State Agricultural Bank has been suggested as a better alternative. It would be an anomaly to carry out the suggestion of a partnership between the branches of the State Bank of India and the Co-operative banks.

COMPANY AFFAIRS

THE CENTURY SPINNING AND MANUFACTURING CO., LTD.

The audited accounts of the Century Spinning and Manufacturing Co., Ltd. (Managing Agents: Messrs. Birla Brothers Ltd., Bombay) for the year ended December 31, 1954, show some encouraging results. There was an increase in sales from Rs. 725.40 lakhs in 1953 to Rs. 788.06 lakhs in the year under review. The net profit (before providing for taxation and depreciation) has however declined slightly as compared to the last year but is much above a year before. The figures for the three years 1952, 1953, and 1954 are Rs. 51.17 lakhs, Rs. 96.82 lakhs and Rs. 84.09 lakhs respectively. This decline compares well with other companies whose profits have dwindled considerably as compared to 1953. Provision for taxation has been scaled down from Rs. 32.50 lakhs in 1953 to Rs. 29.50 lakhs in 1954 and provision for Depreciation has been placed at Rs. 12.00 lakhs as compared to Rs. 12.50 lakhs last year. The ordinary dividend stands at the last year's high level, being 22 per cent during both the years.

The Company has secured land at Kalyan for the Rayon factory, the construction of which is in progress. The working results for the last three years are summarised in the table below.

(In lakhs of rupees)

Year ended December 31	1952	1953	1954
Sales	724.57	725.40	788.06
Stocks	188.42	188.92	224.09
Wages & Salaries	89.45	109.90	108.16
Reserve Fund	Nil	10.48	Nil
Equalisation of Dividend Fund	Nil	9.76	Nil
Provision for Taxation	15.40	32.50	29.50
Provision for Depreciation	11.00	12.50	12.00
Net Profit*	51.17	96.82	84.09
Ordinary Dividend (rate per cent per annum)	20	22	22
Carry forward	5.31	12.81	31.33

* Before providing for taxation and depreciation.

THE UNITED COMMERCIAL BANK LIMITED

The audited accounts of the United Commercial Bank Ltd. for the year ended December 31, 1954, show an increase in Fixed Deposits from Rs. 1395.76 lakhs at the end of 1953 to Rs. 1517.48 lakhs at the end of 1954. Savings Bank Deposits also increased from Rs. 333.62 lakhs at the end of 1953 to Rs. 378.53 lakhs at the end of 1954. The current accounts are up by Rs. 103.07 lakhs at Rs. 2146.18 lakhs at the end of 1954. The overall increase in deposits is up by 7.2 per cent, the total standing at Rs. 4042.18 lakhs.

While the advances have gone up by Rs. 485.57 lakhs, to Rs. 2464.50 lakhs the investments have declined by Rs. 72 lakhs to Rs. 1715.78 lakhs at the end of 1954.

Due to the rise in deposits, the interest paid on deposits has increased by Rs. 13.14 lakhs to Rs. 76.48 lakhs. The interest and discount earnings have risen from Rs. 127.42 lakhs in the previous year to Rs. 142.42 lakhs this year.

The profit and loss account shows a net profit of Rs. 31.06 lakhs which is higher by Rs. 8.05 lakhs than the previous year, when it was Rs. 23.01 lakhs. There have been increases in provision for taxation from Rs. 9.50 lakhs during the last year to Rs. 12.50 lakhs in the present year and Transfer to Reserve Funds has increased from Rs. 5.0 lakhs in 1953 to Rs. 6.50 lakhs in 1954. The directors have raised the dividend rate to 5 per cent per annum as compared to 4 per cent last year.

The table below sets out the chief features of the working of the bank during the last three years.

(In lakhs of rupees)

Year ended December 31	1952	1953	1954
(a) Deposits & other accounts			
(i) Fixed Deposits	974.60	1395.76	1517.48
(ii) Saving Bank Deposits	297.83	333.62	378.53
(iii) Current Accounts, Contingency Accounts, etc.	1815.29	2043.11	2146.18
TOTAL	3087.73	3772.49	4042.18
(b) Investments	1481.49	1788.38	1715.78
(c) Advances	1417.62	1978.93	2464.50
(d) Interest Paid on Deposits, Borrowings, etc.	48.69	63.34	76.48
(e) Interest & Discount Earnings	107.04	127.42	142.42
(f) Net Profit (subject to taxation)	28.54	23.01	31.06
(g) Provision for Taxation	10.00	9.50	12.50
(h) Transfer to Reserve Funds	7.50	5.00	6.50
(i) Dividend rate per cent per annum	4	4	5

THE INDIAN BANK LTD.

The working results of the Indian Bank Ltd., Madras, for the year ended December 1, 1954, show 13.7 per cent increase in total deposits from Rs. 21.85 crores at the end of 1953 to Rs. 24.85 crores for the year under review. Investments and advances have also taken an upward swing. Interest paid on deposits, borrowings, etc., has increased by Rs. 4.02 lakhs while the interest and discount earings of the Bank have improved by nearly Rs. 6 lakhs. Net profits (subject to taxation) stand at Rs. 13.94 lakhs. The directors have enhanced the provision for taxation from Rs. 2.60 lakhs to Rs. 5.75 lakhs and have maintained the dividend at 12 per cent per annum. Rs. 1.31 lakhs have been carried forward as against Rs. 1.23 lakhs brought in. A branch of the Bank is proposed to be opened by June, 1955 at Calcutta.

It is hereby notified for the information of commercial firms in India that those who wish to obtain commercial information about Argentina can write directly to:

Ministerio de Comercio
Dirección General de Exportación e Importación
Servicio de Asesoramiento y Orientación
BUENOS AIRES (ARGENTINE REPUBLIC)

who will give all details at the earliest possible opportunity by Air Mail.

The Indian Bank Ltd., Madras

(Estd. 1907)

DIRECTORS' REPORT

NINETY-FIFTH REPORT

The Directors have the pleasure to submit a statement of Assets and Liabilities and Profit and Loss Account of the Bank for the year ended 31st December, 1954. The Auditors' Report is also annexed.

2. The Net Profit of the Bank for the year amounts to Rs. 13,93,696-14-8 and together with the sum of Rs. 1,23,088-2-3 carried from the previous year's account, makes a total of Rs. 15,16,785-0-11.

3. Out of this sum, the Directors have made the following interim appropriations:

	Rs.	As.	Ps.
An ad interim dividend at the rate of 5% and a bonus of 1% (both free of Income-tax) was paid which absorbed	3,48,000	0	0
The Directors now recommend that the following further appropriations may be made:			
To pay a final dividend of 5% and a bonus of 1% (both of free of Income-tax) thereby making the dividend and bonus for the year amount to 12%	3,48,000	0	0
To provision for taxes	5,75,000	0	0
To transfer to the Reserve Fund under Sec. 17 of the Banking Companies Act 1949 raising it to Rs. 59 lakhs	1,00,000	0	0
To transfer to Bank's Building account	15,000	0	0
To carry forward	1,30,785	0	11
TOTAL	15,16,785	0	11

4. The Bank rate remained unchanged at 3½% during the year under report.

5. Offices of the Bank were opened during the year at Alwarpet, and Nungambakkam in the City of Madras and Coonoor R. S., Rajapalayam, Pattukottai, Sankaranainarkovil, Secunderabad (Dn.) and Tiruppattur (Ramnad).

6. Mr. M. A. Chidambaram Chettiar, who was associated with the Bank as a Director for nearly nine years resigned his seat on the Board on 5th February, 1955 and the Directors record their great appreciation of his valuable services to the Bank. In his place Kumararajah M. A. M. Muthiah Chettiar of Chettinad, B.A., was co-opted.

7. In accordance with Articles 95 and 96 of the Articles of Association of the Bank four Directors, Messrs. Kumararajah M. A. M. Muthiah Chettiar of Chettinad, R. K. Venkatachalam, R. Sundram Iyer and Rao Bahadur M. R. M. S. Periannan Chettiar retire this year by rotation and they, being eligible, offer themselves for re-election.

BALANCE SHEET AS AT 31st DECEMBER 1954.

CAPITAL AND LIABILITIES

Corresponding figures 31st Dec. 1953					
Rs. As. Ps.		Rs. As. Ps.		Rs. As. Ps.	
	CAPITAL:				
	Authorised Capital:—				
	1,00,000 shares of Rs. 100 each ..	1,00,00,000 0 0			
	Issued Capital for payment in cash:—				
	72,000 shares of Rs. 100 each	72,00,000 0 0			
	Subscribed Capital:—				
	72,000 shares of Rs. 100 each	72,00,000 0 0			
	Amount Called up:—				
	24,000 shares of Rs. 100 each ..	24,00,000 0 0			
	On 20,000 shares at Rs. 85 per share ..	17,00,000 0 0			
	On 28,000 shares at Rs. 60 per share ..	16,80,000 0 0			
		57,80,000 0 0			
	Less: Calls unpaid ..	825 0 0			
		57,79,175 0 0			
	Add: Forfeited shares ..	Nil			
57,68,525 0 0				57,79,175 0 0	
	RESERVE FUND AND OTHER RESERVES:				
	(i) Reserve Fund under Section 17 of the Banking Companies Act 1949 ..	58,00,000 0 0			
	(ii) Reserve Fund other than that under Section 17 of the Banking Companies Act 1949 ..	9,00,000 0 0			
	(iii) Sinking Fund ..	9,50,000 0 0			
73,50,000 0 0				76,50,000 0 0	
	DEPOSITS AND OTHER ACCOUNTS:				
	Fixed Deposits ..	8,67,01,929 10 5			
	Season and Short-Term Deposits ..	2,58,47,976 12 0			
	Savings Bank Deposits ..	4,55,93,752 15 5			
	Current Accounts, Contingency Accounts, etc. ..	9,03,20,919 12 9			
21,85,31,724 9 6				24,84,64,579 2 7	
	BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC.:				
	(i) In India ..	Nil			
	(ii) Outside India ..	Nil			
15,00,431 9 0				Nil	
	Particulars:—				
	(i) Secured (Secured by part of investments in Central and State Government securities as per contra) Rs. Nil ..				
	(ii) Unsecured Rs. Nil ..				
56,22,592 14 9	**BILLS PAYABLE:** ..			56,45,892 4 6	
	BILLS FOR COLLECTION BEING BILLS RECEIVABLE as Per Contra:				
	(i) Payable in India ..	1,29,44,147 10 5			
	(ii) Payable outside India ..	98,33,380 4 1			
1,99,22,010 6 0				2,27,77,527 14 6	
	OTHER LIABILITIES:				
	(i) Rebate on Bills ..	17,663 14 10			
	(ii) Unclaimed Dividends ..	52,754 10 3			
	(iii) T. Ts. Payable ..	1,85,761 3 5			
	(iv) Sundries Payable ..	4,19,556 14 5			
	(v) Branch adjustment ..	31,60,849 3 7			
	*(vi) Provision for Taxes ..	12,02,447 1 3			
	(vii) Interest Realisable ..	23,684 12 8			
32,02,439 13 11				50,62,717 12 5	

* There is a liability of Rs. 37,191-11-0 on account of Income-tax for the year 1941 which has not been paid but adequate provision has been made.

In respect of the additional assessment for the year 1942 on account of Malayan Offices which had resulted in a demand of Rs. 3,06,762-6-0 as was referred to in the earlier Balance Sheets, the assessment has been set aside on appeal and a fresh assessment has been ordered to be made. In view of the small profit for the branches in Malaya during the war period it is expected that the further liability to income-tax for 1952 will be negligible.

PROPERTY AND ASSETS

Corresponding figures 31st Dec. 1953					
Rs. As. Ps.		Rs. As. Ps.		Rs. As. Ps.	
	CASH:				
	In hand and with Reserve Bank and Imperial Bank (including foreign currency notes.) ..			2,60,44,095 3 11	
2,03,60,333 4 7					
	BALANCE WITH OTHER BANKS*:				
		On Deposit	**In Current Account**		
	(i) In India	Rs. 2,55,000	39,18,108 10 10	41,73,108 10 10	
	(ii) Outside India	,, 12,000	55,11,905 7 11	55,23,905 7 11	
83,71,717 12 10				96,97,014 2 9	
2,00,000 0 0	**MONEY AT CALL AND SHORT NOTICE** ..			44,02,278 12 1	
	INVESTMENTS (At Cost)*				
	(i) Securities of the Central and State Governments (Terminable loans) and other Trustee Securities, including Treasury Bills of the Central and State Governments.				
	Face Value .. Rs. 9,36,16,900 0 0			9,48,54,394 8 0	
	(Market Value .. ,, 8,91,53,240 6 0)				
	(ii) Shares				
	Preference (other than Banking companies)				
	Fully paid .. Rs. 66,900 0 0				
	Ordinary (Banking and other companies)				
	Fully paid .. Rs. 13,45,222 8 0				
	Partly paid .. ,, 1,18,019 8 0			15,30,142 0 0	
	(Market Value Rs. 12,79,212-0-0)				
	(iii) Debentures ..			Nil	
	(iv) Other investments:				
	Malayan and F.M.S. Terminable loans of Face Value St. $550,500 ..			8,53,841 12 3	
	(Market Value Rs. 8,07,146-11-9)				
	British 3% 1955/59 War Loan				
	Face Value £12,212-10-4			1,59,783 4 4	
	(Market Value Rs. 1,63,736-1-6)				
	Ceylon Government 3% War Loan				
	Face Value Rs. 1,56,000				
	(Market Value Rs. 1,48,645-0-0)			1,58,336 0 0	
	(v) Gold ..			Nil	
	(Provision in Sinking fund & non-statutory Reserve fund as per contra about Rs. 18½ lakhs towards depreciation on investments.)				
9,59,34,595 3 3				9,75,56,497 8 7	
	ADVANCES:				
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of auditors.)				
	(1) Loans, Cash Credits, Overdrafts, etc.				
	(i) In India .. Rs. 9,85,64,730 6 3				
	(ii) Outside India .. ,, 72,19,865 15 9			10,57,84,596 6 0	
	(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments) ..				
	(i) Payable in India Rs. 1,66,99,930 6 4				
	(ii) Payable outside India ,, 75,83,449 12 2			2,42,83,380 2 6	
11,26,04,218 0 4	(For particulars see pages 564 and 565)			13,00,67,976 8 6	
	BILLS RECEIVABLE BEING BILLS FOR COLLECTION as per contra:				
	(i) Payable in India			1,29,44,147 10 5	
1,99,22,010 6 0	(ii) Payable outside India			98,33,380 4 1	
	CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND				
91,32,527 7 5	**OTHER OBLIGATIONS per contra.**			2,27,77,527 14 6	
	PREMISES:			1,44,09,571 5 3	
	At cost as at 31st December 1953 Rs. 5,78,271 13 0				
	Additions during the year ,, 1,63,237 4 0				
				7,41,509 1 0	
1,65,423 8 0	Less Depreciation written off to date ..			4,41,638 9 10	
				2,99,870 7 2	

* Includes Investments of staff security deposits

Corresponding figures 31st Dec. 1953

CAPITAL AND LIABILITIES (Contd.)

Corresponding figures 31st Dec. 1953 Rs. As. Ps.			Rs. As. Ps.
91,32,527 7 5	**ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS Per Contra:**		1,44,09,571 5 3
	PROFIT AND LOSS:		
	Profit as per Balance Sheet as at 31st December, 1953	10,55,088 2 3	
	Less:—Appropriations:		
	(i) Final dividend of 5% and a bonus of 1% (Both free of income-tax) Rs. 3,47,000 0 0		
	(ii) Provision for taxes „ 2,60,000 0 0		
	(iii) Reserve Fund „ 2,50,000 0 0		
	(iv) Sinking Fund „ 50,000 0 0		
	(v) Depreciation on Bank's Premises „ 25,000 0 0	9,32,000 0 0	
		1,23,088 2 3	
	Add: Profit for the year brought from the Profit and Loss account	13,93,696 14 8	
		15,16,785 0 11	
	(i) Ad Interim Dividend of 5% and Bonus of 1% (both free of income-tax)	3,48,000 0 0	
10,55,088 2 3			11,68,785 0 11
	CONTINGENT LIABILITIES:		
	(1) On partly paid-up shares of Banks Rs. 30,675-0-0		
	(2) Claims against the Bank not acknowledged as debt:		
	(a) Rs. 25,000-0-0 failing which Rs. 670-11-0		
	(b) Rs. 55,958-10-10		
	(3) On guarantees given on behalf of constituents Rs. 12,99,230-8-6		
	(4) On Forward Exchange contracts Rs. 2,90,70,917-7-10		
27,20,85,339 14 10	TOTAL ..		31,09,58,248 8 2

PARTICULARS OF ADVANCES REFERRED TO ON THE ASSETS SIDE OF THE BALANCE SHEET AS AT 31st DECEMBER, 1954.

PARTICULARS:		AMOUNT Rs. As. Ps.
(i)	Debts considered good in respect of which the Banking Company is fully secured ..	10,94,85,940 12 5
(ii)	Debts considered good for which the Banking Company holds no other security than the debtor's personal security	1,95,21,191 11 1
	Advances under Joint and several Pronotes Rs. 1,12,87,494 2 4	
	Advances to individual parties including Bills Discounted and Purchased Rs. 82,33,697 8 9	
(iii)	Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	2,85,295 14 11
(iv)	Debts due on temporary overdrafts and other advances	7,75,548 2 1
(v)	Debts considered doubtful or bad not provided for	Nil
	TOTAL	13,00,67,976 8 6
(vi)	Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons (of which Rs. 12,88,836-12-3 is fully secured)	13,02,076 9 3

(Continued on next page)

Corresponding figures 31st Dec. 1953

PROPERTY AND ASSETS (Contd.)

Corresponding figures 31st Dec. 1953 Rs. As. Ps.			Rs. As. Ps.
	SAFES, FURNITURE, AND FIXTURES:		
	At cost as at 31st December 1953 Rs. 10,73,346 3 7		
	Additions during the year Rs. 1,49,355 0 4		
		12,22,701 3 11	
	Less Deductions in the year ..	55,038 9 0	
		11,67,662 10 11	
	Less Depreciation written off to 31st December, 1954 ..	5,08,278 4 2	
5,87,325 13 8			5,87,384 6 9
	OTHER ASSETS, INCLUDING SILVER:		
	Books and Stationery ..	4,75,394 11 9	
	Sundries Receivable (including advance Income-tax Rs. 34,48,265-14-2) ..	38,64,199 4 2	
	Interest Accrued on Investments ..	7,66,071 15 10	
	Stamps & Drafts ..	10,366 2 11	
	Silver ..	Nil	
42,56,688 6 9			51,16,032 2 8
Nil	**NON-BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS**		Nil
27,20,85,339 14 10	TOTAL ..		31,09,58,248 8 2

PARTICULARS OF ADVANCES REFERRED TO ON THE ASSETS SIDE OF THE BALANCE SHEET AS AT 31st DECEMBER, 1954 (Contd.)

(Continued from the previous page)

(vii)	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 (of which Rs. 20,13,978-3-3 is fully secured) ..	27,05,445 4 11
(viii)	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 (of which Rs. 13,14,036-11-11 is fully secured). ..	13,27,362 11 5
(ix)	Maximum total amount of advances, including temporary advances granted during the year to 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 (of which Rs. 27,15,878-7-3 is fully secured) ..	35,23,911 4 4
(x)	Due from Banking Companies	11,99,556 4 7

Profit & Loss Account for the year ended 31st December, 1954

EXPENDITURE

Corresponding Figures 31st Dec. 1953	Expenditure	Rs. As. Ps.
Rs. As. Ps.		
45,97,374 5 3	1. Interest paid on deposits, borrowings, etc. ..	49,98,740 0 2
	2. Salaries and Allowances, and Provident Fund and Bonus .. .. (Salary and Allowances other than Bonus paid	
36,93,019 1 9	to Secretary Rs. 47,939-5-9)	40,52,972 11 0
	3. Directors and Local Committee members' fees	
59,669 6 0	and allowances	67,649 1 0
3,83,835 1 10	4. Rent, Taxes, Insurance, Lighting, etc.	4,37,563 1 5
9,816 15 10	5. Law Charges	6,089 3 8
3,03,073 3 5	6. Postage, Telegrams and Stamps	3,32,329 5 1
17,386 4 0	7. Auditors' Fees	17,260 6 5
	8. Depreciation on and repairs to the banking	
1,32,281 5 9	company's property	1,55,721 10 2
3,27,248 3 6	9. Stationery, Printing, Advertisement, etc. ..	9,63,579 4 7
	10.a Loss from sale of or dealing with non-banking	
Nil	assets	Nil
83,364 12 6	10.b Net loss on sale of investments	923 0 0
5,50,324 5 8	11. Other Expenditure	4,40,633 1 0
12,90,886 14 10	12. Balance of Profit	13,93,696 14 8
1,14,48,280 0 4	TOTAL	1,22,67,157 11 2

INCOME

Rs. As. Ps.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions.)	Rs. As. Ps.
88,84,574 9 8	1. Interest and Discount	94,79,262 4 0
22,23,259 1 8	2. Commission, Exchange and Brokerage	25,05,735 8 6
83,561 3 3	3. Rents	76,585 14 1
Nil	4. Net profit on sale of investments, gold and silver, land, premises and other assets. (Not credited to Reserves or any particular fund or account.) ..	Nil
Nil	5. Net profit on revaluation of investments, gold and silver, land, premises and other assets. (Not credited to Reserves or any particular fund or account.)	Nil
Nil	6. Income from non-banking assets, and profit from sale of or dealing with such assets	Nil
2,56,885 1 9	7. Other receipts	2,05,574 0 7
1,14,48,280 0 4	TOTAL	1,22,67,157 11 2

We have audited the above Balance Sheet of the Indian Bank Limited as at 31st December, 1954, and also the above Profit & Loss Account of the Bank for the year ended on that date in which are incorporated the authenticated returns from branches and sub-offices and report that:—

(a) We have obtained all the information and explanations we have required;
(b) Such information and explanations have been found to be satisfactory;
(c) The returns received from the branches have been found adequate for the purpose of our audit;
(d) The transactions of the Bank as have come to our notice have been, in our opinion, within the powers of the Bank;
(e) In our opinion, the Profit and Loss Account shows a true balance of Profit for the period covered by the Audit;
(f) In our opinion the above Balance Sheet and Profit and Loss Account are drawn up in conformity with the Law;
(g) Such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books of the Bank; and
(h) In our opinion, books of account have been kept by the Bank as required by Section 130 of the Indian Companies Act, 1913.

M. K. DANDEKER & CO.)
SUNDARAM & SRINIVASAN)
V. SOUNDARAJAN & CO.)
BRAHMAYYA & CO.) Auditors.

MADRAS, Dated 19th March, 1955. Chartered Accountants.

DIRECTORS

M. A. M. MUTHIAH CHETTIAR — M. R. GURUSWAMI MUDALIAR
R. K. VENKATACHALAM — C. KRISHNAMOORTHY MUDALIAR
R. SUNDRAM IYER — L. ALAGUSUNDARAM CHETTIAR
M. R. M. S. PERIANNAN CHETTIAR — P. V. RM. KULANDAYAN CHETTIAR
O. M. SP. L. M. MEYYAPPA CHETTIAR — K. BALASUBRAMANIA IYER
A. M. A. MR. MURUGAPPA CHETTIAR — E. M. MUTHAPPA CHETTIAR

A. K. PRABHU, Chief Accountant.
D. P. PARTHASARATHY, Deputy Secretary.
N. GOPALA IYER, Secretary.

Company Meetings

THE CENTRAL BANK OF INDIA, LTD.

ANOTHER YEAR OF PROGRESS

Earnings Up : Increase in Expenditure

Speech of the Chairman, Sir Homi Mody

Speech delivered by Sir Homi Mody, Chairman, The Central Bank of India, Ltd., at the Forty-fourth Ordinary General Meeting of the Bank on March 25, 1955.

"The operations of banks in India," observed Sir Homi Mody, Chairman of the Central Bank of India Limited, in the course of his speech at the Annual General Meeting of the Bank on March 25, 1955, "recorded a substantial improvement in volume during the year 1954. Total deposits of scheduled banks averaged Rs. 887 crores in 1954, as compared with Rs. 853 crores during the preceding year, but they were still below the peak of Rs. 990 crores attained in 1948. Demand deposits showed an improvement of Rs. 16 crores as compared with the previous year, while Time deposits maintained the continuous rise witnessed since 1948. The average amount of bills and advances of scheduled banks during the year was Rs. 532 crores, as compared with Rs. 508 crores in 1953".

ECONOMIC POSITION

Sir Homi pointed out that the economic position in India, following the general pattern in the U.S. and Britain had shown a further improvement during the year under review. "The food deficit", said Sir Homi, "which necessitated at one time considerable imports involving heavy commitments of foreign exchange, was practically wiped out and controls were lifted. Side by side with this, a substantial recession in food prices took place, and that has posed a somewhat difficult problem, but if the deficit financing envisaged in the Budget materialises, it is bound to arrest the decline in prices, and may even lead to inflationary pressures."

Referring to the substantial improvement in industrial production, Sir Homi observed that in several industries the targets fixed under the Five-Year Plan had been achieved or exceeded. A number of new enterprises had been started and both in the public and private sectors, substantial improvements were recorded. Inland and foreign trade were also at a higher level than in the previous year.

Commenting on the employment situation which had continued to cause anxiety, Sir Homi said that the malady was deep-seated and short-term remedies were not likely to provide anything more than a palliative. He felt that only by large-scale expansion of production and distribution would it be found possible to reduce it to manageable proportions.

Sir Homi then commented on some of the measures vitally affecting the future of industrial development in this country initiated during the year. He first referred to the Company Law Amendment Bill. The changes proposed in the Select Committee stage of the Bill were very drastic, and they would in effect mean not the reform of the Managing Agency System, but its total elimination in due course. He hoped that when the Report of the Select Committee was published and the full implications of the measures proposed were appreciated, industrialists and investors alike would make an organised effort to press their views before Parliament and see that their case did not go by default.

CONSTITUTIONAL AMENDMENTS

The Constitutional Amendments, now before Parliament, presented a very alarming picture, said Sir Homi, and he felt that steps should be taken to ensure that Parliament was not left in any doubt with regard to the reactions of the public which is affected towards measures which would largely do away with the Fundamental Rights secured to the citizen under the Constitution. "Section 31 of the Constitution," he continued, "relating to compensation for acquisition of property, had been framed after prolonged and anxious deliberation, and nothing has happened, in my opinion, to warrant the drastic curtailment of the rights which holders of property enjoy in every other free society".

Although the Budget presented to Parliament did not come under a review of the events of the past year, Sir Homi felt that it was impossible to avoid a reference to it. "While the Development Rebate of 25 per cent which the Finance Minister has proposed should be of undoubted benefit to industry, the proposals for direct taxation in respect of the middle and upper income groups can be understood only if it is the declared policy of Government to eliminate the savings from which investment capital is created and to destroy all incentives. The Report of the Taxation Enquiry Commission contains some very radical suggestions, calculated still further to cripple the capacity of the entrepreneur to perform his functions. Some of the recommendations already find a place in the Finance Bill now before Parliament, and if the process goes any further, I cannot but think the economic development of the country will be seriously jeopardised."

Turning to the Directors' Report and Statement of Accounts for the year, Sir Homi stated that the total gross earnings of the Bank showed an increase of nearly Rs. 30 lakhs, but that due to substantial increase in expenditure, the ultimate net profit for 1954 was only Rs. 1,38,000 more than in the previous year. He pointed out that the increase during the year under 'Interest paid on Deposits, Borrowings, etc.' and 'Salaries and Allowances, etc.' shown on the Expenditure side of the Profit and Loss Statement, accounted for nearly Rs. 25 lakhs.

Sir Homi next dealt with the Item relating to Interest on Deposits, Borrowings, etc., which showed an increase of nearly Rs. 10 lakhs. "This was on account of the continuance of the high rates required to be paid on Deposits, particularly on Call and Short Term Deposits. There are no signs of any appreciable

diminution of such rates in the near future. In this connection, you will appreciate the Bank has to maintain its long standing connections with its valued constituents and cannot afford to forego Deposits and let business pass to other Institutions".

Sir Homi also stated that the Establishment Charges increased by nearly Rs. 15 lakhs, more than two-thirds of which was accounted for by the emoluments of the Clerical and Subordinate Staff.

INCREASE IN BUSINESS

Referring to the Balance Sheet, Sir Homi said, "On the liabilities side you will see that the figures of Deposits show an appreciable increase compared to the previous year; the aggregate total was higher by Rs. 6 crores.

"The increase in Bank's business in 1954 is further reflected in higher figures under the heads 'Bills Payable', 'Bills for Collection' and 'Acceptances, Endorsements and other Obligations'.

"On the Assets Side of the Balance Sheet, I would refer you to the Item of Investments. At every suitable opportunity endeavours have been made to reduce our Investment Portfolio so that the proceeds realised therefrom may be utilised in other channels like Advances and Bills yielding a higher return. Securities of the Central and State Governments and other Trustee Securities accordingly stand reduced by nearly Rs. 2,30,00,000. Under other heads, such as shares, Debentures and other Investments, there have been increases of a few lakhs, with the ultimate result that the grand total shows a reduction of Rs. 1,20,00,000.

"At the end of 1953, the difference between the Book Value and the Market Value of the Bank's Investments stood at Rs. 3,13,00,000. The difference has since come down to Rs. 2,41,00,000. It has been our constant anxiety to see that the gap is narrowed and we hope that the profits of the Bank in future years would enable the Directors to set apart larger amounts. In the year under report, it was not found possible to transfer to the Bank's Investments a larger sum than Rs. 15,00,000".

Sir Homi then called the attention of the shareholders to the Item relating to the Advances and Bills business of the Bank which on the closing date showed an aggregate increase of a little over Rs. 2 crores and 85 lakhs, including a rise of over Rs. 1 crore and 9½ lakhs under the heading of "Money at Call and Short Notice"; the average during the year stood at a still higher figure.

Sir Homi regretted that after making the necessary Appropriations which were no more than required in the present circumstances, the ultimate available surplus in the hands of the Directors did not permit the provision of a higher Bonus to the Staff than one-twelfth of the Basic Salary earned by each member during the year. In this connection, he repeated what he had said last year, that if the position had warranted it, nothing would have pleased the Board better than to have sanctioned a larger amount by way of Bonus.

At the conclusion of his speech, Sir Homi thanked all those engaged in the service of the Bank. "The Managing Director, Mr. Captain," said Sir Homi, "has not spared himself in the performance of his duties; he is carrying a burden which has become particularly onerous in the times through which we are passing. Mr. Karanjia, Manager, Branches, and Mr. Cooper, Secretary, have heavy responsibilities which they are discharging to the entire satisfaction of the Board. To them, and to all other members of the Staff, as also to the local Committees at the various centres, I desire to convey our grateful thanks".

THE BRITISH INDIA CORPORATION, LIMITED

Concern Over Industrial Legislation, Excise Duties

Address of the Chairman, Sir Robert Menzies

Excerpts from the Address by Sir Robert Menzies, Chairman of Directors, to the Shareholders of the British India Corporation, Limited, at the 35th Annual General Meeting of the Corporation held in Kanpur on Saturday, 26th March, 1955.

Sir Robert Menzies began his Address by referring to the great loss which the Corporation had sustained by the death last September of its largest shareholder, Lady MacRobert, widow of the Founder of the Corporation. Her history had been a tale of philanthropy and courage in the face of cruel personal bereavement. He went on: "With an unusual flair for business and a determination that her good works should be continued after her death, she created, in her lifetime, Trusts and other organisations to which she transferred a very considerable portion of her worldly goods, including the major portion of her holding in this Corporation, and she made her wish quite clear that the Executors and Trustees, to whom she had given wide powers, were to carry on just as if she were still alive, and they will meticulously carry out this policy which she laid down. The Chief Executor and Trustee has asked me to convey his greetings to the shareholders, and to assure them that the MacRobert interests and tradition will be carried on."

Although Government controls are gradually being lifted, in the great Indian Cotton Textile Industry they still exist in so far as production and the purchase of new plant are concerned; such controls naturally are harassing and hampering. Control of the Sugar Industry, however, still continues, and again, the production of sugar in India has been insufficient to meet the country's needs, and the Government has again deemed it necessary to import foreign sugar. It would appear, however, that the indigenous crush in the current season, which is now in operation, will considerably exceed that of last year, and it looks as if India will come nearer to meeting the country's sugar requirements than ever before. We must remember, however, that with the gradual improvement of social conditions, and the steadily increasing population, the consumption of sugar must necessarily keep on expanding.

There is very little to report in regard to changes in Labour conditions during 1954, though references

to Conciliation, Adjudication and to the Industrial Courts and Appellate Tribunals continue to be numerous. The intention now apparently is to replace the present Labour Appellate Tribunals by a series of Courts which are to be set up in the States and at the Centre. It is a little difficult, however, to visualise how the State and Central Governments will be able to find Judges of the required calibre to man these Courts, and although the intimation to this effect was made some time ago, it is perhaps of interest to note that, only recently, a fourth Labour Appellate Tribunal has been established, in view of the burden of work which has been faced by the previous three Appellate Tribunals. One of these three Appellate Tribunals had its sittings in Uttar Pradesh and in Madras, and it is understood that the appointment of this fourth Labour Appellate Tribunal will enable one Court to be allotted to Madras and another to Uttar Pradesh. This should accelerate the hearing of cases. It is also hoped that in the near future, steps will be taken to amend certain existing Acts which now very considerably hamper good relations with labour.

RATIONALISATION

I regret that I cannot report any material progress to you in regard to rationalisation, with the result that redundancy of workers still exists, particularly in the mills and factories of Kanpur. During the past year the State Government set up a high level Committee, with representatives of employers and labour further to consider schemes of rationalisation, but owing to lack of co-operation on the part of some of the members, this Committee had to be dissolved, and the State Government then ruled that further negotiations could only be continued direct between the employers and the employed. In Kanpur, the result of this was that a number of Labour Unions, all of which were opposed to rationalisation, combined to form one Anti-Rationalisation Union, and while the workers themselves appear to be willing to earn increased wages, they are being restrained from doing so wherever it lies within the power of the Union Leaders to do so. I have mentioned that we are still faced with considerable redundancy of labour, particularly in our textile mills in Kanpur, and the Directors' Report informed you that the Board had under consideration the starting of a third shift at the Cawnpore Cotton Mills Branch, into which shift it was hoped to be able to absorb most of the redundant labour at that Branch, but this can only be done, and the additional employment involved can only be provided, if the workmen will co-operate with the employers, and will agree to give the schemes which are being put forward to increase both wages and production a fair chance. It certainly seems that there can be no hope of running certain industries profitably within the foreseeable future unless production costs are reduced, and it must here be reiterated and emphasized that the schemes which have been put forward to this most desirable end do not necessarily involved retrenchment.

I referred last year to the conditions which were imposed by the Industrial Development (Amendment) Act of 1953 as regards a Retrenchment Gratuity. When this Act was passed, the measure to which I have referred was probably intended as a deterrent to employers, and it has certainly acted as such. The Directors' Report has already informed you that during the past year alone the Corporation had to disburse over Rs. 9 lakhs in retrenchment gratuities. This money, and the resulting unemployment might well have been saved, had labour been prepared to co-operate in the schemes intended to increase production and also wages. It is to be hoped that in the near future reason will prevail, as unless production can be expanded at lesser cost than at present, expansion and prosperity will definitely be retarded, and, in fact, it is obvious that unemployment and lower output will be the inevitable result. In one of the Corporation's Mills, it has been necessary by the vagaries of trade throughout the past year, to play off a certain number of redundant workmen, and the steps which the Mill took are now being challenged by the Labour Unions, though so far as your Directors know, the steps taken were definitely within the Law, and became unavoidable as a result of trading conditions which resulted in an inability to sell production; output therefore had to be reduced if losses were to be restricted.

HIGH EXCISE DUTIES

Last year I stated that the imposition of an ad valorem Excise Duty then imposed on Footwear, and the additional Excise Duty on cotton cloth were severe blows to the Corporation, and my words have certainly been proved to have been correct. The Directors' Report makes it clear that the cost to Branches of these Excise Duties amounted to Rs. 19¼ lakhs, and it will be recalled that these Duties were not operative for the full year. Your Directors had great hopes that, in his current Budget, the Hon'ble Finance Minister might be prepared to reconsider and reduce or abolish these intolerable impositions which, though presumably intended primarily as a form of indirect taxation, in effect became a further direct tax on manufacturers. To make matters worse, this year the Budget proposes further increases in the Excise Duties on cotton cloth and sugar, and, inter alia, an entirely new Excise Duty of 10 per cent ad valorem on woollen cloths, while the Excise Duty on Footwear is apparently to be continued. I cannot be in any way optimistic regarding the possibility of passing even a reasonable proportion of these Excise Duties on to the customer, and it will be recognised that all the industries represented by the Corporation's Branches are now severally affected by this form of taxation, and the goose which in the past had laid the golden eggs is slowly but surely being strangled.

In the Directors' Report, you were informed that raw material prices, in so far as the Corporation's Woollen Branches were concerned, remained reasonably stable, but particularly in some varieties at a level so high as to reduce demand for types of cloth formerly popular in the Indian market. It stands to reason that if these prices now have to be increased by an additional 10 per cent ad valorem Excise Duty, there will be all the less chance of them becoming marketable, and such lines must therefore be discontinued, which will result in loss and a further redundancy of labour. On the finer side of the Worsted trade, however, demand remained fairly satisfactory in 1954, but whether it will remain so with this compulsory increase of price added, when the margin was already uneconomic, remains obscure, but it seems unlikely that the result will be different from that experienced by the Corporation's other Branches.

Excise Duty as a form of taxation is all very well so long as it adds almost unnoticeably to the price of any article to the consumer, but when the price per yard of material is increased by 10 per cent, the customer normally will look for something cheaper, or do without. In days gone by, our Woollen Branches used to produce a vast number of Indian shawls known as Lohis, which were popular in many of the markets of India. In those days, Lohis could be sold at prices ranging from Rs. 3 to Rs. 7 each. With the increased cost of the raw material imposed by world conditions, the increased cost of labour imposed by local conditions, and the Excise Duty imposed by the Central Govern-

ment, the current day cost of production of the Lohi would amount to around Rs. 25 each, and it is small wonder, therefore, that the man in the street who bought a Lohi as a utility garment, cannot now afford what was then regarded as a necessity, but which, because of its price, can now only be regarded as a luxury. Every year the Woollen Branches are finding less and less demand for the heavier woollen goods, a state of affairs which, of course, results from increased production costs caused by the reasons which I have mentioned. This means that expensive plant is either not employed, or insufficiently employed, and the opportunity of finding work for additional labour is accordingly materially diminished.

On the cotton side of our business, I regret to say that our experience during 1954 was again unhappy. As you were informed last year, the Branch Mill at Juhi was closed down at very considerable expense, and since then your Directors have been considering how best this valuable site could be turned to profitable use. Here again one bumps into Government restrictions, but the matter is under constant consideration and certain alternative plans are under examination.

I have already made reference to the attempt which is to be made to start a third shift at the main Cawnpore Cotton Mills, and I should perhaps explain that before the Corporation is permitted to take any action to this end, sanction from the Government of India is necessary, and I am given to understand that this is only being given conditionally on the monthly production of a prescribed number of bales of yarn for the Handloom Weavers. This seems rather incongruous when one considers that the Branch Mill at Juhi which only produced yarn for handloom weavers, had to be closed down last year owing to lack of demand, and this instance goes to show how difficult it is at the present time to run any organised business as the owners would wish, and in a manner which they could regard as reasonably likely to be profitable. It is by no means ignoble to took for profitable business. Business to be worth anything at all must be profitable, and no management worthy of the name would be satisfied to continue running a business which showed no profit, or could only break even.

There is an old adage that every labourer is worthy of his hire, and, as this is an admitted fact, surely it must also be admitted that every shareholder is worthy of his dividend.

I have referred to the cost incurred to certain of the Corporation's Branches by having to carry on their books redundant workers, inasmuch as what we used to regard as an employer's duty to maintain a balanced labour force is now impossible to perform. If one assumes that the average wage for a worker in a textile mill is Rs. 100 p.m., or Rs. 1,200 a year, it will be appreciated that 1,500 redundant workers in a mill will cost that mill no less than Rs. 18 lakhs per annum. This is obviously a burden which, in these competitive days, no mill can stand.

In regard to the Corporation's Leather Branches, I cannot repeat too often how disastrous on the fortunes of these Branches was the imposition last year of the Excise Duty on Footwear. Every possible opportunity was taken of bringing the ill effects of this imposition to the notice of the Finance Department of the Government of India. The fact that the smaller factories employing less than 50 men were totally exempted from this Excise Duty strengthened their position and meant that only the larger and better organised Footwear Factories were hit by this method of taxation. It is understood that a number of such organised factories have already had to close down and go out of business, and the main burden is therefore now left by the surviving companies, and thus the impact of Excise Duty on these companies, quite unintentionally perhaps but through force of circumstances, becomes discriminatory. Your Directors had hoped that, as a result of the many representations made, the Finance Minister, in his Budget proposals this year, would have removed this stifling burden in whole or at least in part, but to our great regret the question of the Excise Duty on Footwear did not even get a mention in the Budget Speech. Meantime, hides of the quality required are still scarce, and many of our former markets remained closed to us, and it is unfortunate that we are unable to continue our export of leather on the desired scale, by virtue of the absence of suitable hides, and the fact that hide prices now do not enable us to take part to the extent desired in this highly competitive business. Leather, which competes both as to quality and price with the Corporation's production, is becoming increasingly available in overseas markets, from South American, and even European, countries.

Last year the Branch selling arrangements for footwear and leather were altered in order, if possible, to reduce the selling costs, and it would appear that this object is being achieved, and sales of footwear have increased, but unfortunately, owing to the Excise Duty, continue to be unprofitable. I can only remind you that when referring to the Excise Duty on Footwear last year, I estimated that the cost to the Corporation might well be in the vicinity of Rs. 14 lakhs per annum, and that this burden had certainly come at an unfortunate time when our manufacture of footwear showed no margin of profit. I also reminded the Shareholders on that occasion that the imposition of the Excise Duty on footwear, and the additional Excise Duty on cotton cloth, were severe blows to the Corporation, and so they have certainly proved to have been. Furthermore, in regard to our Heavy Footwear Section, the orders received for Government supplies have been quite inadequate, and such orders as have been secured, have only been at prices which were unprofitable, but which had to be accepted to keep a certain amount of work going through the extensive plant maintained for this purpose.

Throughout the Branches of the Corporation increasing attention is being paid, as has been stated in the Directors' Report, to the modernisation of plant to enable the introduction of more attractive and more readily saleable goods. This, as indicated in the Balance Sheet, will involve considerable outlay, but it is essential in these difficult times to go ahead and expand where possible, rather than to continue on static lines with little chance of earning adequate profits. This is a matter which is receiving close and continuous attention from your Board and the Management. It is perhaps unfortunate, however, that there is still a very considerable time lag in the receipt of new plant, even after import licences have been received.

FINANCIAL POSITION

In my remarks to the Shareholders last year I dealt fairly with the question of finance, as it affected Industry generally and the Corporation in particular. I also referred to the fact that increased finance is now required for business purposes, inasmuch as wages and raw materials cost many times pre-War rates, and that as regards capital expenditure, the cost of plant and machinery was approximately four times what it was immediately before World War II.

I mentioned last year how essential it was in the Shareholders' interests that we should plough back as much as possible each year from profits into the business. Unfortunately, however, the results obtained for 1954 have not permitted of anything in that line. In fact, after allowing Rs. 10 lakhs for Depreciation, the Profit and Loss Account shows a loss of over Rs. 4 lakhs, and while this is a little more than balanced by the profit on the sale of investments, which has been carried to Reserve, Rs. 14 lakhs have been written back from a previous income tax reserve in order to permit of the payment of the Preference Dividend, and a nominal dividend of 1 anna per share on the Ordinary Shares. Even the Carry Forward has been reduced by nearly Rs. 1 lakh, so that the financial position of the Corporation is none the stronger as the result of the trading conditions experienced in 1954. It is accordingly all the more necessary, for reasons which have already been explained to you that, whenever opportunity will permit, as much as possible should be ploughed back into the business, in order to strengthen the Corporation's finances.

The Directors' Report makes it clear that it is impossible to pay a gratuity to employees in respect of 1954. No such payment could possibly be expected when the results for the year have shown a trading loss.

Your Board and the Management fully appreciate that the fact that the Corporation's trading in 1954 showed a small loss instead of the fairly comfortable profit to which we have for many years now been accustomed, must have come as a most unpleasant disappointment to the Shareholders, and I have endeavoured in the course of my remarks today, to explain to you many of the difficulties which were encountered during the year, and to counteract which all possible steps have been, and are being, taken.

To sum up briefly, our Woollen Branches maintained their position and their sales, but as a result of more intense competition, the margin of profit was lower than in the past few years, hence the remark in the Directors' Report that sales had had to be made at a level which was barely economic. The Cotton Branch, minus of course the Juhi Branch Mill, had to face unprecedented difficulties, and seldom during the year was it possible to sell any of the Branch's production other than at a loss. That aspect, the Retrenchment Gratuity paid in respect of the closure of the Juhi Branch Mill, the carrying of many redundant workers whose services could not be dispensed with, and the inability to pass on the Excise Duty to the customer, have resulted in a heavy loss to the Branch. The Leather Branches also suffered from the inability to secure a profitable price for its output on footwear, as the result of the imposition of the Excise Duty, and of course, also of competition arising from footwear exempted from that Duty. Further, owing to the paucity of good quality hides, their leather sales were greatly reduced, with the combined result that total sales were materially smaller, and a loss on the year's working was sustained. At Head Office, the surplus was less as the result of a reduction in the income on investments and of the increase of interest charges. We can all share the hope that the strenuous efforts being made to overcome the difficulties which I have described will shortly begin to show improved results.

My remarks so far are confined to the Corporation's operations during the year 1954, and perhaps the Shareholders will expect me to say something as to the future. In this connection may I refer you to what has already been stated in the Directors' Report, to the effect that while unfortunately it would not be realistic for Shareholders to expect any early return to the level of dividends paid in recent years, your Directors and the Management are sparing no effort to improve the present unsatisfactory position. The Shareholders will probably realise that the Director's Report was drafted before the Hon'ble Finance Minister introduced his Budget in the Lok Sabha. The fact that he has seen fit to increase the Excise Duty on cotton manufactured goods, and has retained the Excise Duty on Footwear, and imposed an Excise Duty on Woollen Goods makes the position, as I have already indicated, all the more difficult, and it is impossible at this juncture to foretell just what the effect of these severe impositions will be, but I cannot for a moment hold out any hope that, in respect of trading for the current year, it will be possible to pay any substantial dividend, and I am frankly of opinion that it will be exceedingly difficult under these circumstances to earn sufficient to pay even the modest dividend which was distributed during the War years, but Shareholders may rest fully satisfied that every effort is being, and will be, made to improve conditions to whatever extent is humanly possible.

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STATE GOVERNMENT BUDGETS

(In lakhs of Rs.)

STATES	Revised Estimate 1954-55			Budget Estimate 1955-56		
	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —
Part A						
Assam	17,43.11	1939.13	—196.02	19,05.22	21,47.28	—242.06
Andhra (caretaker Govt.) ..	21,38.68	24,09.23	—270.61	2170.41	24,88.23	—296.88
Bihar	47,01.41	48,39.16	—1,37.75	37,46.53	52,67.33	—27,20.80
Bombay	71,80.34	71,22.16	+58.17	80.10.72	79,88.35	+22.37
Madhya Pradesh ..	29,50.51	31,42 22	—191.17	32,80.00	35,62.00	—282.00
Madras	45,18.72	47,67.69	—248.97	47,92.07	49,58.18	—166.11
Orissa	14,66.00	16,59.00	—193.00	16,83.94	18,56,68	—167.74
Punjab	21,55.00	21,62.00	—7.00	29,67.00	18,90.00	+77.00
Uttar Pradesh	79,55.56	78,55.56	—	84,56.00	90,06.00	—550.00
West Bengal	41,63.09	55,55.00	—13,92.00	45,76.00	62,88.00	—1712.00
Total of Part A	389,72.26	415,51.15	—25,78.89	416,37.71	46,452.05	—48,14.34
Part B						
Hyderabad	2085.20	30,38.69	—153.49	30,61.84	30,82.84	—221.09
Madha Bharat	14,21.14	15,97.94	—176.80	18,68.74	18,86.74	—18.10
Mysore	21,17.69	23,16.29	—198.69	22,98.16	27,06.03	—4,09.87
PEPSU	7,79.09	8,13.27	34.27	8,24.00	10,28.86	—2.04.86
Rajasthan	22,11.24	21,90.90	+20.34	22,30.00	24,69.29	—2,39.29
Saurashtra	12,11.24	12,75.72	—64.98	12,89.75	14,03.54	—1,13.79
Travancore-Cochin ..	17,05.86	16,87.98	+17.88	17,18.36	21,56.12	—4,37.75
Jammu-Kashmir ..	561.73	5.42.63	+191.10	5,82.62	5,50.22	+32.40
Total of Part B	10,981.77	13,462.98	—258.121	138,71.47	152,83.64	14,12.17
Part C						
Ajmer	1,95.10	206.10	—11.00	274.21	274.21	—
Bhopal	N.A	N. A.	N. A.	N. A.	N. A.	N A.
Coorg	N.A	N. A.	N. A.	N. A.	N. A.	N. A.
Delhi	464.62	301.10	—40.70	497.91	596.76	98.85
Himachal Pradesh ..	305.78	506.51	+4.68	324.89	349.03	—24.14
Vindhya Pradesh ..	459.56	506.51	—46.95	581.66	581.19	—7.53
Total of Part C	14,25.06	15,19.03	—93.97	16,78.67	18,09.19	130.52
Grand Total	512,78.49	565,33.16	—52,54.67	571,87.85	635,44.48	—63,57.03

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

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The Eastern Economist

VOL. XXIV. NO. 14. NEW DELHI: APRIL 8, 1955. ONE RUPEE

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The Federation's Plan: A Critique

THE publication in draft form of a second Five-Year Plan by the Federation of Indian Chambers of Commerce and Industry has rightly attracted public attention. The Federation is the concerted voice of men of practical affairs. One of the best, because it was one of the most imaginative as well as because it was the first of India's plans, came from business men. The Bombay Plan showed that sturdy realism could be combined with grand vision and a deep social sense.

The Bombay Plan was a plan devised for trebling national income in fifteen years and maintaining certain minimum consumption standards for the Indian people. Unhappily, the Federation's plan does not conform to this great precedent. It is a plan for upgrading national income by about Rs. 3,300 crores by the expenditure of Rs. 7,200 crores within the planning period. National income per capita is presumed to rise in this process by 22 per cent. But since it is one of the assumptions of the plan that the rate of saving moves up from 8 to nearly 14 per cent, the real standard of living of the Indian people will not rise by more than about 15 per cent by 1961. In terms of the standard of living of the Indian people this appears the least pro-

gressive and the most conservative of all the paper plans prepared for India's second planning period.

Quite apart from this mistake in rejecting the spacious outlook of the Bombay Plan, the Federation has made some errors which need correction. The first of these is minor, in the choice of an arbitrary figure of Rs. 10,000 crores as the level from which national income is to rise. It is known that for the year 1953-54 national income even at the 1948-49 prices was significantly over Rs. 10,000 crores. There has recently been a substantial rise in industrial production, and there is no reason to suppose that agricultural income at 1948-49 prices will be considerably lower in 1956-57 than what it was in 1953-54. In other words, the base from which planning might commence might more reasonably be established between Rs. 10,500 and Rs. 11,000 crores. The base, though minor for planning technique, is significant in that it tends to fix the level of investment by reason of the fact that savings each year are computed on the changing levels of national income.

A more serious error arises from the assumption made in regard to the Ratio, that is, the volume of income generated by a given level of investment. The ratio works out in the Federation's plan at 2.1 : 1; while this figure might look respectable because of the high ratio of 3 : 1 presumed in India's first Five-Year Plan, it has little justification in a predominantly industrial plan conceived under very different conditions. It has been shown that even if one ignores the spectacular rises of recent industrial production in November and December, 1954, the Ratio in India in the first Five-Year Plan was between 1 and 1.2 and a fair estimate for the second Plan might be somewhere between 1.2 and 1.5.

The reasons given for the ratio of 2.1 to 1 are not convincing. They are largely connected with the absence of unutilised capacity in the Indian system now as compared with the position three to four years ago. A study of the capacity of Indian industries given in the Planning Commission's Reports on this subject does not bear out the Federation's view. For example, the whole of the jute industry is at present working single shift with 12½ per cent of the looms sealed. Unsealing of these looms or longer shift hours would represent significantly increased capacity there. Similarly, in the Cotton Textile Industry, there is significant additional capacity reckoned by industrialists themselves as being capable of producing another 1,000 million yards. For bicycles, again, capacity is 700,000 a year whereas existing production is barely 350,000. The whole of the structural section of Indian engineering is not even working one full single shift. There are opportunities in more than half of India's engineering factories for a double shift to be worked. Only a fifth of our Ordnance Factory capacity is at present being utilised. Thus chapter and verse can be presented to show that there is no reason to assume in Indian industry a high ratio of capital to income merely because of the fuller absorption of installed capacity.

While the Federation is anxious to appear realistic on the Ratio, it has not made any pretences at realism in regard to the increment of output which it assumes to be saved. This figure is assumed to be as high as 30 per cent. While there is no doubt that the rate of saving rises significantly with increases in output there is no evidence in the facts of the last five years to suggest that the percentage is as high as 30 per cent or even very close to it. Both on the ratio and on the rate of saving, the authors of the Federation's plan seem to have relied not on the facts but on unproved theoretical assumptions. Why have practical men of affairs ascended thus to the ivory-tower?

What seems unhappy about the Federation's rendering is that, even after these unreal assumptions have been made, there is no indication that the consumption standards of the Indian people will have profited by this theoretical exercise. When account is taken of the additional rate of saving supposed, the average rise of the standard of living might be raised just over 15 per cent in per capita terms by 1961. The Indian people are thus being invited to tighten their belts and to restrict their consumption in order to maintain this high level of investment. Paradoxically, this is directly contrary to the statement which the Federation Committee has issued on the Taxation Enquiry Committee's Report. Whereas in that statement they point out the urgent necessity of extending consumption parallel with, and as a condition of, investment, the present Plan proposes specifically to restrict consumption by adopting a rate of saving which can only be maintained by an element of severe compulsion since such a rate has never, it seems, been approximately reached in the Indian economy.

It is obvious that a plan of this kind, coming from the Federation of Indian Chambers of Commerce and Industry will not evoke public enthusiasm and there is justification for the complaint that in consumption standards it is the least progressive of the plans placed before the country. This is not in itself the most serious weakness of this plan. It is possible for the plan to be unpopular and yet be substantially sound. No practical man should be so afraid of public opinion as to change his views merely because of their unpopularity; but in the present case it is the expert who will quarrel as much with these figures as the unsophisticated onlooker. It is because it is factually incorrect both on the ratio and on the rate of savings that this plan will not commend itself to serious students of economic planning in this country. Why, they will ask, do practical men ignore the facts in the Indian economy?

There is no need to take sides on these facts. Most of them are grandly neutral and beyond dispute at the present time. That India has entered a spell of autonomous dynamism in which both agricultural and industrial production are steadily rising is not open to doubt. Again, that the rate of saving is somewhere between 7 and 8 per cent of national income should not be contested. It seems clear we have advanced in per capita terms something like 15 per cent with an investment of about a third of what the Federation proposes; that too should not be open to doubt.

Every fact, it is true, is a special case. History does not repeat itself precisely, but at the same time we do not need to make wholly new assumptions in regard to the Ratio or the rate of saving. Still less should we choose, from a whole range of unacceptable assumptions, particular ones which make the problem of finance look immeasurably difficult. The Federation will not be able to avoid the criticism that, since the rate of saving assumed is unduly high and cannot be attained in practice, this plan overtly involves inflation. It is only one erroneous step from this true charge to pass to the false charge that the Federation desires inflation.

It is sincerely to be hoped that much of the really good work done on this plan will not be allowed to be dissipated by these errors. This is fortunately only a draft. The Federation should not be judged harshly on this plan; it is a precursor of better things.

The Bandung Conference

TEN days from now, the Asian-African Conference of 29 countries will meet at Bandung. Its importance to the world today has been the subject of keen speculation in the last few months and only the actual proceedings of the Conference—which has to determine its own procedure and agenda—will give at least a tentative answer. If the Conference cannot discover an agenda on which purposeful discussions can be carried on, little merit will accrue to it merely because the assembled Governments will represent more than half of the world's population and a fourth of its area. What has so far become clear is that the initiative taken by five Asian Powers was born out of certain common objectives underlying even their own numerous differences. Their initiative has had sufficient response as 24 out of the 25 invitees have agreed to participate, particularly after the Bogor Communique had stated that such acceptance by any country "implied only that the country invited was in general agreement with the purposes of the Conference." Except for the Central African Federation there has been no hitch due to doubts. This can certainly be taken as broad agreement on the common interests of the countries concerned, however these are interpreted in practice.

In more than one sense, the meeting would look like another U.N. General Assembly in miniature. It is an advance over the tenuous Arab-Asian bloc in the U.N. which was hitherto supposed to have a common approach on some problems. The membership of the Bandung Conference is restricted to independent Governments, with representation only at the Ministerial level. Their domestic status or their internal affairs will not be interfered with; and even where others have comments to make on them—as it happens among delegates of the major Power blocs in the U.N. or in relation to trusteeship problems—there is no implication of acceptance of such comments by the affected party. This facility is of particular relevance in view of the attendance of Communist China on the one side and, on the other, of the countries which have been parties to alliances against her. The Bandung Conference thus provides opportunity to China to make her debut in an informal and limited international gathering. There will be other smaller countries also in this group like Ceylon and Nepal whose admission to the U.N. has been in abeyance due to the cold war and to whom this participation would be welcome. Even if it is not in any sense a rival to the United Nations, the Conference may seek to repair, in a very modest and unobtrusive way, some of the deficiencies of the U.N. so far as they affect the countries of the two continents.

The Conference cannot, however, press any issue to a division as in the United Nations since that could break up its structure. Nor is it likely to be in a position to reach conclusions which are specific or binding. The initiators of the Conference well know that there is less value in seeking firm agreements than in having an exchange of viewpoints. The London Commonwealth Conferences which have proved of value even without agreements or understandings on policy, have already set the pattern for the five Asian (Colombo) Powers. This practice would be extended. If in the process of exposition of the underlying motives behind the attitudes of various governments represented at Bandung, each policy-maker is faced with the contradictions or imperfections involved in particular points of view it may be helpful to promote better understanding.

Though the Bogor Communique visualised economic co-operation and the appointment of a committee of experts to consider qommon economic questions, the present climate of international relations would inevitably make the political issues prevail at the Bandung discussions. The dominant thought so far as India is concerned is the resentment of the practice of the Western Powers to determine the affairs of Asia without regard to or in spite of the opinion of Asian governments. Mr. Nehru was quite unequivocal on the point only last week. Both the supporters as well as critics of the Middle East and South-East Asian defence pacts will have opportunity to explain their views and justify their actions. So far as Africa is concerned, there is enough dislike of the manner in which federations or political systems have of late been imposed on African peoples without their consent. At the moment, the situation in South Viet-Nam is also such that stability has been threatened seriously by external influences which have purported to act in the name of promoting stability. But would all these provide common objectives which can be more effectively pursued through such a Conference?

The sponsors of the Bandung Conference have disowned any desire to set up a regional or anti-Western bloc. There is no reason to doubt this. Yet the main themes of the discussions at Bandung will be highly critical of Western policies and attitudes. These reactions are only the inevitable consequences of some of the serious errors of the Western approach to the problems of the world. There is assurance, however, that these reactions, even when vehement, will prove to be constructive, as some of the openly pro-Western Governments have agreed to be present at Bandung. Their task may be not so much to defend every Western attitude as to show that while they trust the bona fides of the Western Powers on the main issues connected with their Western alliances, they would have no hesitation in repudiating some of the self-righteous assumptions of Western policy in so far as they relate to the Asian and African peoples, on colonialism and racialism. Thereby the Conference may accelerate the adaptations in Western attitudes which are already taking place through a much slower process of trial and error.

The test of success of the Conference would be how well it can achieve this with dignity and without adding to the world's stock of misunderstandings, by the mere mobilisation of opinion on the chief issues. The Pancha Shila will necessarily figure large and Mr. Nehru has stated that he would want the clear answer of every country in the world on the value of these Five Principles. Since they seem unexceptionable in the abstract, the doubts about their scrupulous observance can now be thrashed out in the presence of the main party involved, namely China. That would present an opportunity to China to convince her suspicious Asian neighbours of her intentions to respect the Pancha Shila and reinforce the plea of the Asian countries for granting the representation due to China under the Charter which is now denied.

The Asian-African nations may not be able to dispel every unreasonable fear or assumption about the motives of the Conference. Its greatest value is in its ability to act as a clearing house of ideas. If it mobilises opinion against racialism and colonialism, it will only be due to the feeling that these issues are now being burked behind the crusade against Communism. At the same time, there is opportunity to deal with the latter also, so that the Asian perspective can emerge out of the rival schools of thought represented.

Life Insurance after Rate Reduction

SINCE the policy of reduction of rates of premiums for life insurance policies was launched in March 1954, peace in the life insurance business has been disturbed. General reduction in premiums is very much to be welcomed inasmuch as cheaper insurance would benefit the policy-holder and contemporaneously with this result life insurance business would receive stimulation. Compulsory savings would be canalised in a larger volume in investment which otherwise would not be available for the purpose. In the normal course, no upsets ought to have been caused by lower rates. But the very fact that some measure of dislocation has been caused in life insurance business has forced much hard thinking among insurers. Lower rates have now come to stay and the process cannot be reversed unless the pressure of inflation in the economy admits of such a course as in 1947.

The root of the present trouble is to be traced to the unilateral action taken by a leading insurer, followed by the biggest insurance company in the country, in flinging a surprise decision at the insurance world by adopting drastically reduced rates effective from March 1, 1954. The logic of compulsion forced medium-sized and small insurers to enter the race for lower rates, irrespective of considerations of feasibility on strict economic grounds. The reasons assigned for the original move for rate reduction are three: (1) The actual mortality experience has made the mortality tables accepted for over 25 years outmoded and lower rates are justified by reason of definite improvement in mortality. (2) The interest yield on investments of insurers has recorded appreciable increases. (3) The expenses of management have shown a downward tendency. The basic reasoning behind these arguments need not be questioned. The real point at issue was whether the actual measure of reduction introduced at varying levels by different insurers strikes a balance between passing on the benefit of improved conditions to the assured and maintaining reasonable income on business to the generality of insurers. Concerted action taken at the level of the Life Insurance Council would have secured this salutary object.

The aftermath of the policy of rate reduction has come in for searching examination at the hands of insurers in the recent past. Mr. K. Balasubrahmanyam, President of the Indian Life Assurance Offices Association, has been highly critical of the manner in which the rate policy has been imposed and the distorted form that it has taken. His survey of the progress of life business, at the last annual session of the Association held on April 1, stresses the repercussions of the policy on the financial position of insurers. It is clear that a scientific re-investigation into the present state of the mortality factor by concerted action would assist in obtaining an up-to-date revised scheme, but so far there is little evidence of any keen desire to adopt this course. Only a small part of the increased return on investments is attributable to the trend towards higher interest rates and it would be idle to deny that an appreciable part of the increase is due to the process of making provision for or writing off over a period of years large sums from the life insurance funds to eliminate the gap between the book values and market values of investments. The expense ratio of management has undoubtedly shown improvement consequent on statutory limitation; nevertheless, requests from insurers for accommodation at the hands of the Controller of Insurance for higher expenses are not few.

These trends in the life business give positive indication that moderation in the policy of revision of rates would have secured fair benefits to insurers and policy-holders. It is now purely academic to consider how far a policy of higher bonuses, and in the case of non-participating contracts a change-over to lower premium rates, would have safeguarded the interests of both the parties without the risk of letting loose the forces of a rate war. The truth of the matter is that a rate war could not be prevented. Its most conspicuous manifestation is to be found in the distinct trend towards deliberate lapses of policies or their conversion into paid-up policies followed by fresh purchases of policies at reduced rates. This process has inevitably involved insurers in considerable financial losses.

The extent of the conversion factor can be ascertained with approximation only after the next official annual survey releases the authoritative data. But there can be no doubt about its operation on an abnormal scale. The rate war is sought to be halted by the imposition of the restriction which makes it obligatory on the individual insurer to obtain prior sanction of the Executive Committee of the Life Insurance Council for proposed reductions in rates. Meanwhile, the race for business is taking new forms and higher bonuses, which would not have been available otherwise, are being declared by certain insurers, while some of those whose valuation was not immediately due have shown impatience to offer a pre-view of their probable bonus declaration. Bonus rates have assumed in certain cases fantastic heights ranging up to an increase of 100 per cent. Evidently, they cannot be sustained for a long period.

The staff insurance scheme, which is inherently sound and merits active encouragement, has been abused by a section of insurers in the scramble for business. Contrary to the universally accepted practice, several insurers allowed business under the staff insurance scheme to be procured through their regular agents, although agents' commission was restricted to a small rate on the first year's premium without any remuneration on renewal premiums. This technique need not be characterised as a gross abuse since it reveals the difficulties of medium and small companies in this field vis-a-vis big insurers with their powerful resources of approach. The major abuse consisted in offering reduction in premiums ranging as high as between 11 per cent and 22 per cent below the new rates introduced since March 1954. This is a substantial variation from the normal concession of a reduction of about 8 per cent and it is totally out of proportion to the real saving in procuration costs.

The Sub-Committee appointed by the Executive Committee of the Life Insurance Council has now tendered its report after a thorough investigation into this problem and its recommendations which have been accepted by the Executive Committee would provide certain safeguards for proper implementation of the scheme. The reduction in premiums under the scheme is limited to 8 per cent for premium-paying period of 10 years or above and to 5 per cent in other cases including deferred annuities. The assured is made liable to pay the ordinary rate on ceasing to be an employee of the establishment. Among other safeguards is the ban on employment of the machinery of agents for obtaining business under the scheme. These aids and safety-valves can be depended upon to go some way to enable life insurers to absorb the shocks of competition.

THE WEEK'S NOTES

HIS FINEST HOUR

SIR WINSTON CHURCHILL'S retirement this week has been true to the grand manner to which he was born and which has characterised all his long career from a subaltern in the Indian army to Europe's Man of Destiny. Time and again the world has paid tribute to his great qualities of leadership and the grandeur of his eloquence which enhanced the strength of his forceful personality. His war-time speeches, often delivered amidst the tribulations of reverses, anxiety and strenuous military planning, will have a permanent place in the English language for the vividness of phrase and metaphor which stirred the deep emotions of the British people and their allies. He has perhaps been less dramatic as a leader in peace but the international scene in the post-war years has provided ample scope for his statesmanship and diplomatic skill. He is the greatest living parliamentarian who took full advantage of the question hour; and though he did not excel in repartee, he could often give the knock-out blow to his critics.

On India, Sir Winston has never been known to have agreeable ideas. His references to the presence of the "half-naked fakir" at Buckingham Palace and his resolute refusal even in the darkest days of the War to contemplate what seemed to him a liquidation of the British Empire could not endear him to Indian nationalist opinion. But Sir Winston has never lacked the courage to own his errors and has now lived to see his ideas on Indian independence disproved.

Sir Anthony Eden has long been heir-designate, but his succession became a foregone conclusion ever since the success of his patient diplomacy at Geneva and later over the Paris Agreements. His main disadvantage is that he succeeds a towering personality but it is one which can wear out with time.

A COMIC OPERA IN SAIGON

THE SAIGON blockade by private army leaders has the features of a comic opera. The rebel groups which have sought to dictate terms to Premier Ngo Dinh Diem are not as violent as the armed rebels and bandits in Burma or Indonesia who take their job more seriously. They have behaved more like the caudillos of Latin America, who enact periodical revolutions and leap into headlines for a time. The commanders of the three rebel groups who have now marched on Saigon have some additional qualifications. Two of them represent sects which profess vague ersatz religions, while a third is said to be the head of a business organisation, including a lucrative business in immoral traffic. The members of this crusading coalition were the recipients of subsidies from the French before. Their conduct provides an eloquent commentary on the character of French colonial rule and the nature of the bulwark against Communism which the French have erected in Viet-Nam. The Premier, on the other hand, whom these groups oppose, is credited with honesty of purpose in restoring stability in South Viet-Nam. But he has seemed to lack the tact necessary in the present troubled situation; he has relied too much on American support, practised nepotism in the Government and has seemed unable to extend his popularity even over the whole of South Viet-Nam. His earlier conflict with his own commander has made the army an instrument of doubtful loyalty to him in case of need. While there is not much to be said in favour of such ineffective leadership at this juncture, the Premier still represents the better of the two sides to the present struggle.

This instability is not merely a local development. The blockade is said to symbolise an American-French rivalry for securing control and influence over the Saigon Government. Frenchmen in Indo-China have never taken a responsible attitude to the problems of Viet-Nam and there is little that is surprising in this latest manifestation of irresponsibility. Even Bao Dai has remembered his country on this occasion and given his oral support (since he is incapable of giving any moral support) to the rebel groups by an expression of disapproval of the Premier. All these developments will be regarded in Asia only as reinforcing the theory that colonialism is still the greater evil and that outside interference—which shows no sign of decline—is a force for instability rather than for order. The adoption of disreputable methods for apparently good ends cannot receive much support and it is difficult now to believe that the signatories to the Manila Treaty have the recipe either for counter-acting subversive activity or the influence of Communist propaganda in Viet-Nam when the results of their actions are so patently shortsighted and disastrous.

TURCO-IRAQI PACT

PRIME MINISTER NEHRU'S reaction to the Turco-Iraqi pact will be typical of the general opinion in South and Western Asia except in the countries which are already committed to such military alliances linking them to the Western defence systems. Mr. Nehru's objection, forcefully stated in the foreign policy debate last week, was that such alliances were the result of pressure and that they split the countries of the region into rival and sometimes opposing camps. This criticism would be true of SEADO also. The difference, however, in the Turco-Iraqi pact is that it does not now cover the region and the U.K. was only acceding to a pact of mutual defence co-operation already reached between the two other countries. Turkey is already within NATO, while Iraq under the Treaty of 1930 is under much deeper obligations to the U.K. Sir Anthony Eden, however, has expressed the hope that the other adjacent countries would accede eventually so as to lead "to increased stability and security throughout the Middle East." This object of extension often involves pressure and it is reported that Syria is now under great pressure from Turkey to join. Other Arab countries, notably Egypt and Saudi Arabia, have also been opposed to these moves. The coup d'etat in Yemen is also linked to these events. These countries can now make common cause at the ensuing Asian-African Conference in resenting Western pressure and interference in regional affairs.

So far as the U.K. is concerned, the present occasion can only be regarded as an attempt to convert, in the light of British experience over the Suez base, the existing arrangements, into "a free and equal partnership". There will, however, be differences of opinion, about the appropriateness of invoking Article 51 of the U.N. Charter for such arrangements in the face of the opposition of the bulk of the people of the region concerned. The area is too much troubled internally. Israel has reason to distrust the strengthening of the Arab countries, while the latter, which were never effective in their co-operation within or outside the Arab League, seem now even more confused than ever.

A CHIT FOR THE COMMUNITY SCHEMES

THE COMMUNITY Projects Administration has now earned a good chit from some Russian visitors to the Nilokheri township and community development centres. It is gratifying to hear from Prof. Degtyar that "a correct approach" towards the solution of India's problems of rural welfare had been found and this statement may now disarm a section of Indian critics. It is, however, not easy to agree when we hear of

this "silent revolution" being compared to "the whole process of reconstruction in Russia after the downfall of Czarist rule"—unless we greatly distort the meaning of silence or reconstruction. The latest progress report on the community projects is interesting for some indications of the visible interest taken by the people. The contributions in cash, labour and kind constituted a third of the total expenditure on the projects, without any law or authority being needed to extract them from those benefited. In the non-intensive community blocks, the contribution has been more than equal to that of Government. The progress until the end of last year was as follows:

PROGRESS OF COMMUNITY PROJECTS TILL DECEMBER 1954

	Blocks (No.)	Villages (No.)	Population (Millions)	Government Expenditure (Rs. Crores)	People's Contribution (Rs. Crores)
Community Projects:	220	32,957	20.4	11.02	4.77
Extension Programme:	608	66,335	41.8	2.46	2.71
Total	323	99,292	62.2	13.48	7.48

This indeed is an impressive account in physical terms of the achievement of the last two years. The progress made in achieving intangible benefits in the shape of a changed outlook in rural India can never be measured in these terms nor tested out in the short period, on the basis of the initial enthusiasm now visible. It is quite possible to believe that the interest in road construction would be maintained. In over 12,000 miles of roads now completed, (of which about one-tenth was pucca) constant maintenance work will be necessary. Local contributions have been received also for the improvement of drainage channels. The main object at the present time must be to demonstrate how easily certain problems can get solved at the local level, provided there is a will to get together. If one-sixth of the country's population now covered by the projects can have an effective demonstration of this truth, at the cost of only Rs. 13.5 crores to the Government, the projects would not fail to succeed in greater measure in the future in securing more contributions and intense participation.

BROADCASTING POLICY

THE DEBATE in Parliament on the Ministry of Information and Broadcasting did not show criticism at its best and the Minister's reply took full advantage of the weakness of the attack. It is certainly undesirable that, except where policy issues are directly involved, individual officers should be blamed or drawn into the debate. Nor again could any exception have been taken to the Ministry's interference with the working of All India Radio so long as it had the status of a department of Government. It cannot function otherwise and Dr. Keskar made no bones about declaring that as a department, All India Radio will have to carry out the policy and directives which are issued by Government. It is not the right that is in question. The issue of principle is whether a medium of broadcasting could be so kept as a subordinate department, requiring implicit compliance with official directives which detract from the value of the medium to the public. If Parliament cannot insist on the separation of the All India Radio and its establishment as a corporation, it will have to swallow departmentalism in all its ugly forms. Members' criticism apparently proceeded from the belief that even as a department, Government was administering or pretending to administer it with a measure of autonomy to provide impartial or non-partisan service. The Minister's reply must shatter any such belief; it is an unambiguous affirmation of his desire to make AIR work only according to the Ministry's dictates.

The Minister did of course carry his argument to unseemly excess. Should the authority of Government to appoint and give a high salary to a person necessarily imply an unqualified right of constant interference in all cases? Are there not important offices where both by convention and the Constitution independence has been granted? The U.P.S.C.—which the Minister himself sought to defend earlier—the Auditor-General and the Courts are all examples of non-interference in administration and All India Radio by reason of its public importance seems entitled to similar treatment, by a convention, if not according to the Constitution or through the establishment of a Corporation. In a democracy where it is possible to make political use of such medium indirectly if not directly, such a convention would be very desirable and proper. It is futile, however, to hope for notions of propriety to prevail when they have been so openly thrown to the winds.

GUARDING THE HINDU MINOR

THE HINDU Minority and Guardianship Bill discussed in the Rajya Sabha this week constitutes the second instalment of the Hindu Code. It will provide clear-cut statute law in place of existing custom and rules of interpretation. The clauses of the Bill are few, simple and precise (when compared with some of the clumsy and circumlocutory drafting, as in the Company Bill). It is possible, however, that the Bill seeks to simplify the issues too much and situations may arise in which some of its provisions may be found to be inadequate. The Select Committee has made some improvements. There has been a tendency of late to approach all issues of social reform from what purports to be a modern angle and on this subject the paramountcy of the interests of the minor tend to be overlooked in the controversy over whether the father or the mother should have priority. Except in the case of illegitimate children and children below five, the father has been accorded priority as the natural guardian of all Hindu minors of either sex below 18, who are unmarried, while the husband will be the natural guardian of a minor married girl. A natural guardian is precluded from disposing of immovable property of a minor without the permission of Court, while a de facto guardian is completely prohibited from dealing with any property. Guardians may also be appointed by testament by a father or a widowed mother or a mother whose husband is disentitled to act as guardian; such guardians have the powers of a natural guardian. There is a final omnibus clause which provides that none of the provisions of the Bill will give any right to a person to act as guardian if a Court holds such guardianship will not be for the minor's welfare.

This clause will help to remedy the shortcomings of the proposed law though it would provide scope for litigation. A guardian cannot be appointed for a minor's undivided interest in joint family property, except by a High Court. Thus the present Bill does not mark any serious departure except in restricting the powers of alienation of natural and de facto guardians for the purpose of preserving the property of the minor until the attainment of majority. The main criticism of the Bill is that by restricting the natural guardians to parents or husband, a number of near relations like brothers, sisters or grand parents who are competent will become ineligible in the normal course, and can be appointed only by wills or by the Courts. In a country where the testamentary habit is undeveloped, the scope for litigation has been widened.

WORLDGRAM

INDUSTRY

Raising Indian Railway Workshop Capacity: Railway Administrations in India have initiated steps to secure a 25 per cent increase in the capacity of railway workshops in the country for the overhaul of locomotives, passenger coaches and goods wagons. The increased capacity will be needed during the second Five-Year Plan period when the railways hope to have much larger rolling stock holdings than at present. Several steps will be taken simultaneously to secure this increased capacity. These will include measures to achieve increased efficiency and greater output in existing workshops, expansion of these workshops and the development of new units.

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Indian Hand-Pounded Rice Industry: Production of hand-pounded rice in the country in 1954 was estimated at 14,764,000 tons as against 12,914,000 tons in 1953, and 12,050,000 tons in 1952. The All-India Khadi and Village Industries Board has estimated the number of professional workers in the industry during 1954 at 100,000.

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£65-Million Steel Works for Pakistan: The Pakistan Industrial Development Corporation has completed plans for the establishment of a £65-million iron and steel works. The Corporation is making arrangements to finance the project, and the IBRD and foreign private enterprises have been invited to participate. The works are being built largely according to the recommendations of Krupps (the German consultants). It is estimated that the new Daudkhel deposits will provide 250,000 tons of quality iron ore annually. Natural gas from the Sui Project is to be used as fuel directly and as electricity. The steel works will have an annual capacity of 100,000 tons.

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Government of India's Silver Refinery Plant: The Government of India's Silver Refinery Plant is expected to go into operation by the end of 1956. The CPWD which has been in charge of the civil engineering work on this project is likely to complete its job by the end of 1955. It may be recalled that the Government of India had decided in 1948 to set up a refinery at Calcutta to extract silver from the quarternary coins which are being withdrawn and replaced by nickel coins, for enabling the repayment of silver received under the lend-lease agreement from the U.S.A. Investigations about the availability of the requisite equipment were made in 1953 and an agreement was entered into with the German firm of Demag under which the firm had to manufacture and supply the necessary equipment in three instalments. The firm has already delivered two of these instalments and is expected to deliver the third shortly.

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Discovery of New Oil Sources in Assam: New sources of petroleum have recently been discovered by the Assam Oil Company in Naharkatiya area in Assam. The extent and the importance of the discovery of Naharkatiya field has not yet been established. The Geological Survey of India has carried out preliminary geophysical explorations in Eastern Saurashtra and parts of Gujerat and detailed geological mapping in the Jwalamukhi area in the Punjab for possible oil bearing structures. Gravity and magnetic surveys in the coastal sedimentary tract of the Madras State were started in the field season 1954-55.

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Indian Agreement with Stanvac (India): The Government of India have entered into an agreement with the Standard Vacuum Oil Company of America, which is at present carrying out a reconnaissance survey in the areas lying on both the banks of the river Hooghly. In all concessions granted by Government, one condition requires the licensee or lessee to employ Indian citizens at all levels and to arrange for their training to enable them to occupy those appointments. The Government of India are engaged in setting up an Oil and Natural Gas Division for exploration of mineral oil resources. The help of foreign experts required to train Indians in any particular field will be taken whenever necessary.

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Manufacture of Telephone Exchange Parts in India: About 50 per cent of the parts of a telephone exchange are now being manufactured within the country. By 1957, the I.T.I. factory would be making 85 per cent of the parts of a telephone exchange. The remaining 15 per cent would either have to be imported or obtained from other manufacturers in the country. These parts comprise such items as power plant, switch board wire, winding wire, radio valves, resistors and the like—parts that should properly be made by specialists in the manufacture of these particular items.

FINANCE

Development Projects in Sikkim: The Government of India, after assuming the administrative control and financial liability for the construction, development and maintenance of roads in Sikkim, had incurred an expenditure of over Rs. 55 lakhs up to the end of September 1954. In addition to this they have spent another sum of about Rs. 8 lakhs out of the provision of Rs. 103 lakhs made under the State 7-Year Development Plan (1954-61) on roads. There is no proposal for the construction of any aerodrome or railway in Sikkim as yet.

*

Rs. 2.5-Crore Security Paper Mill for India: The Government of India have decided to set up a fully equipped Security Paper Mill in India. This will develop an important line of production internally, as well as make India independent of foreign supplies. India's requirements of bank notes and other security paper have hitherto been obtained from foreign sources. There has been a large increase in note circulation in India since the last war and Government's requirements for security paper have considerably increased. The project will cost about Rs. 2.5 crores and preliminaries regarding its site and other matters are under way.

*

Quicker Tempo of Rehabilitation Work in Assam: Organisation of co-operative cottage industries and private medium-scale industries with Government assistance to provide employment to refugees, improvement in cultivation methods in larger tracts to be reclaimed and allotted to displaced agriculturists, speedy processing of rural and trade loans, and opening of more technical training centres to impart vocational guidance to displaced students are included in the new scheme which the Union Rehabilitation Ministry is working out, for rehabilitation work in the State of Assam. Nearly three and a half lakh refugees from East Bengal have settled down in different districts of the State and a sporadic influx, especially from the Mymensing District across the Pakistan border, still continues. The Union Rehabilitation Ministry has made provision of over Rs. 2 crores during the new financial year for rehabilitation schemes in Assam.

*

UNICEF Allots $4 Million for Child Care: Children of 34 countries and territories will benefit from new allocations of funds by the UNICEF. The 26-nation

executive board of UNICEF has approved allocations totalling $4.117 million to help child-care programmes in Africa, Asia, the Eastern Mediterranean and Latin America. Funds were made available in response to governmental requests. The action brings the total number of countries and territories receiving UNICEF help to 91. The new allocations are granted to programmes which may extend over several years. UNICEF assistance usually involves supplying materials and equipment to child-welfare projects undertaken by governments. Additional help is frequently given by the World Health Organization, but the main outlay for a programme and its control are the responsibility of each government concerned.

*

Building for Indian National Instruments Factory: Under the revised schedule for the completion of work, in collaboration with the CPWD, the workshop of the National Instruments Factory at Calcutta will be ready by the middle of this year and the administrative buildings early next year. The factory specialises in repair work of every type of precision instruments, and manufactures a large variety of optical and surveying instruments, its services being also utilised by Governments of neighbouring Asian countries. A number of instruments, not hitherto manufactured in the country, will soon go into production. Under the expansion plans of the factory, several new machinery items have already been acquired and orders for others have been placed. The production and repair works during 1953-54 had totalled Rs. 17.9 lakhs. During the first eleven months of 1954-55, the production figure reached the target of Rs. 20 lakhs, an increase of 31 per cent over the corresponding period last year. The new buildings and the workshop at Jadavpur form part of the implementation of the short-term re-organisation programme for the factory, at a total cost of about Rs. 80 lakhs, drawn up by the Government of India.

*

Indian Railway Passenger Earnings: The approximate passenger earnings of the Indian railways for the first 11 months of 1954-55 amounted to Rs. 92.30 crores, of which third class passengers accounted for Rs. 82.63 crores. The following figures indicate earnings from other classes: Air-Conditioned Rs. 0.46 crores, First Class Rs. 0.64 crores, Second Class Rs. 4.01 crores and Inter Class Rs. 4.56 crores. The amenities so far provided for the use of passengers generally and for the special use of third class passengers are expected to be gradually extended, so as to cover more stations, trains and carriages.

MISCELLANEOUS

Conference of Indian Battery Dealers: Some 30 battery dealers from all over India met at Calcutta recently for a 3-day conference. It was revealed in the course of their deliberations that in the ten years since the manufacture of storage batteries was first undertaken in India, the industry's installed capacity and annual output had steadily increased. During 1954 some 20 manufacturing units with a total production of about 1.80 lakh units were operating. Though some specialised varieties of batteries were still being imported, efforts were being made to manufacture them domestically. The Indian industry's main problem appears to be the dependence on imports for raw materials. Steps to remedy this, however, were being taken and the processing of raw materials is being progressively expanded.

*

Separation of Indian Audit and Accounts: The work on the separation of Audit and Accounts will commence shortly. The Ministries of Supply, Food and Rehabilitation will have Departmental Audit Offices from April 1, whilst such separation would be achieved in some of the States during the next financial year. With a view to implementing this separation, the accounting procedure is being simplified by the elimination of the Exchange Accounts, which are in the main, responsible for the accumulation in the Suspense Accounts, their incompleteness and the consequential delays in their closure. Under the new arrangements, parliamentary control over appropriations will be made more effective. Whilst one State has already assumed payment responsibilities and another follows suit from April 1, the matter is also being taken up with other State Governments.

*

Consumption of Tobacco and Cigarettes in India: According to the quantity of indigenous unmanufactured and manufactured tobacco cleared for some consumption from the warehouses and factories on payment of Central Excise Duty, it is estimated that India consumed 19,776 million indigenous and 54 million imported cigarettes; 47,18,63,100 indigenous and 4,91,000 imported cigars and cheroots and 117,681,000 pounds of biris and another 264,634,000 pounds of smoking and chewing tobacco in the year 1953-54.

*

Water Supply for Kandla Port: The Geological Survey of India, has discovered ground-water resources in the Dhuddhai area in Eastern Kutch capable of yielding one million gallons of water per day for the Kandla Port and township now being developed by the Government of India. Investigations also show that the available water supply can alternatively be used for irrigating 1,300 acre-feet of land per year.

*

New Coal Deposits in India: New seams of coal in the Sidhi district of Vindhya Pradesh, in Chin Bhati Khola, Sikkim, in Rajgarh district, Madhya Pradesh, Adilabad district, in Hyderabad Deccan and in the Khasi and Jaintia Hills were found by the Geological Survey of India during the year 1953-54.

*

Consumption of Opium in India: Factories of the Government of India supplied 1,634 maunds and 39 seers of opium to State Governments during the first nine months of 1954-55 for internal distribution. Besides, these factories supply about 50 maunds of opium every year to chemists. The gross revenue realised by the export of opium to foreign countries up to the end of December, 1954, was Rs. 1,37,91,419.

*

Industrial Training Centres in India: The Union Ministry of Labour is running 55 Industrial Training Centres in the country. The expenditure so far incurred on the Centres was Rs. 49.3 lakhs (based on 1952-53 actuals). The number of persons who completed training in 1951 in Vocational trades in 1952 and 1953 was 1,767; in Technical and Vocational trades in 1952 and 1953 was 6,755 and 7,215 respectively, and of those in Vocational trades only in 1954 was 1,572.

*

Certification Marks for Indian Goods. The Indian Standards Institution (Certification Marks) Regulations, 1955, framed under Section 21 of the Indian Standards Institution (Certification Marks) Act, 1952, came into for on March 17, 1955. The Act together with the rules and regulations, empowers the ISI to receive applications and grant licences for the use of its standard mark in respect of articles manufactured in conformity with Indian Standards. Special inspectorates for the inspection of the products of a group or groups of manufacturers, who are not individually able to arrange for routine inspection, have been provided in order to help small-scale manufacturers. Associations of manufacturers of such goods for which Indian Standards have been published are invited by ISI to consider the question of introducing Certification Marks in their industry.

NEWS IN BRIEF

INDIAN

The Punjab Government is reported to have decided to provide financial aid to private capital for starting 3 more sugar factories in the State. The factories are scheduled to receive Rs. 20 lakhs each, either in the form of a loan or by purchase of debentures renewable every year.

*

The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954, which seeks to control the advertisement of drugs and to prohibit remedies alleged to possess magic qualities, and other matters connected therewith, came into force on April 1, 1955.

*

Orders for 177 locomotives for the Indian Railways have been placed with three firms in Japan against the rolling stock programmes for the years 1953-54, 1954-55 and 1955-56, at a total estimated landed cost, inclusive of freight, customs duty, wharfage, etc., of Rs. 692.25 lakhs.

*

The 11 foreign technicians under the Colombo Plan in the Chittaranjan Locomotive Works, assist in demonstrating the working of certain modern machines and fixing timings, and are not in charge of any office or any executive position.

*

Some 65 Indians are employed by the UNO, of whom 36 are at the headquarters, 3 Technical Assistance Board personnel, 10 with the ECAFE Secretariat, 9 Technical Assistance Experts, 1 in UN Information Centre, New Delhi, and 6 Field Service personnel in Palestine, Libya and other political missions.

*

Interim relief to the extent of Rs. 2.50 lakhs has been granted to displaced persons who had registered their claims in India for savings bank accounts and cash certificates left in Pakistan.

*

Evacuee property left by Muslims in India includes urban properties, rural houses and agricultural lands. For purposes of the Compensation Scheme, the value of urban property alone has been assumed at about Rs. 100 crores.

*

The number of radio receiver licences issued in India during 1954 was 9.15,790 against 8,37,390 issued in 1953. The total revenue derived in 1954 was Rs. 1,36.1 lakhs against Rs. 1,18.7 lakhs in 1953.

*

The firm Krupp-Demag is re-examining the Rourkela Steel Project scheme because of the decision that the capacity of the Plant should be 10,00,000 tons of ingots from the very start, instead of 5,00,000 tons, to be doubled subsequently.

*

During 1954, 310,604 tons of ammonium sulphate was despatched from Sindri to the States. During the same period 200 tons of ammonium sulphate were exported to Nepal.

*

There is no double sales tax on the inter-State transactions in the inter-State movement of yarn. The commodity may however have to bear a tax in respect of transactions prior to or subsequent to the inter-State transaction.

*

A sum of about Rs. 19 crores has been realised out of the arrears of outstanding income-tax during the period April 1, 1954 to January 31, 1955. Some Rs. 160.0 crores are yet to be realised on account of arrears for the assessment years 1949-50 to 1953-54.

FOREIGN

U.S. aid to India—$2.53 million—under the assistance programme during the current year covers two national programmes comprising water supply and sanitation and the control of filariasis. India's share of the expenditure on these two programmes will be Rs. 11.7 crores.

*

Six countries, comprising India, Ceylon, Ecquador, Pakistan, Jordon and Yugoslavia have agreed to accept £366,000 sterling worth of aid provided by the USSR, under the U.N. Technical Assistance Scheme, which the USSR joined in 1953. The money will go to provide equipment and meet costs of sending Soviet experts abroad.

*

A team of six British cotton industry marketing experts is currently in India to investigate the possibilities of importing British exports of cotton textiles to India. The team will visit the principal trade centres, have discussions with U.K. representatives and meet Indian officials.

*

With a view to encouraging small savings, Australian banks now pay 1¼ per cent interest on fixed deposit accounts for three months, against 1 per cent last year. The new rates rise in steps to 2 per cent for two years, and will mean an additional £(A) 2.5 million to savings bank depositors this year.

*

The countries included in the Technical Aid Scheme of the Colombo Plan, are countries of South and South-East Asia, including Ceylon, Burma, Pakistan, Cambodia and Malaya. The Indian assistance given to these countries constitutes training facilities to the nominees of these countries and Indian experts assigned to them.

*

The U.S. Department of Commerce reports that foreign countries added $1,740 million to their gold and dollar assets during 1954, although their imports from the U.S. cost about $1,800 million more than was realised from exports to the U.S.

*

A World Bank mission to the Federation of Rhodesia and Nyasaland is expected to arrive there on April 9. The mission will investigate the credit worthiness of the Federation, with special reference to the construction of large hydro-electric schemes.

*

Malaya will be strongly represented at the international rubber quality and packing conference to be held at New York on May 3. The meeting is sponsored by the New York Rubber Trade Association and the U.S. Rubber Manufacturers' Association. The agenda includes standardisation and the greater use of technically classified and marked rubber.

*

Britain's gross national product i.e., the money value of the goods and services produced, rose from £14,703 million in 1953 to £15,543 million during 1954—an increase equivalent to 5.5 per cent (4 per cent a real increase, the remainder due to changes in prices).

*

Indonesian rice production during 1954 totalled 7.4 million tons against 6.8 million tons in 1953. The maize production figure was 1.6 million tons in 1953 against 2.0 million tons in 1954. The floods had only damaged crops over less than 1 per cent of the cultivated area.

The three-mile long Hirakud Dam will rise to a height

of nearly 200 ft. Estimated to cost Rs. 92 crores, this project will bring

adequate supplies of water to 1·09 million acres of parched farm lands.

WEALTH FROM THE WASTES

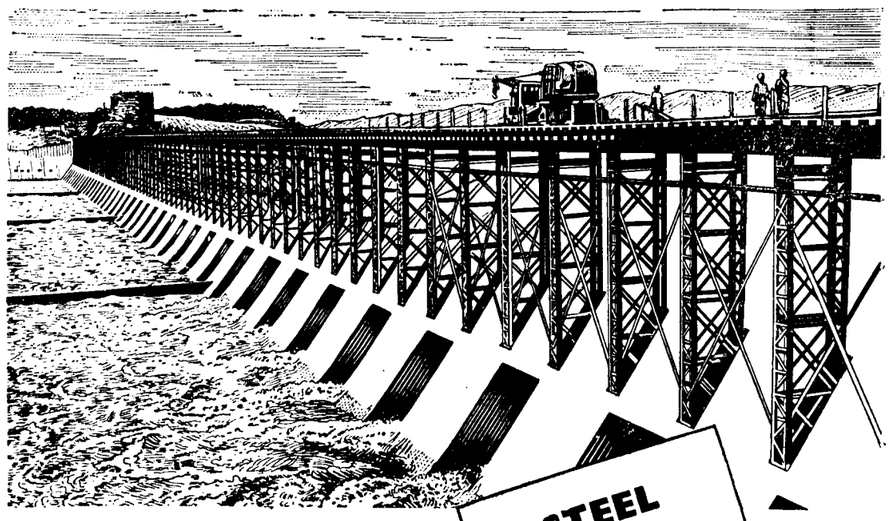
The hydro-electric

power plants at

the dam site will have an installed capacity of 123·00 k. w.

with some 400 miles of transmission lines which

will accelerate development in the northern area of the Orissa State.



Thousands of tons of steel have been used so far in Hirakud for reinforcing concrete and earthwork, and for super-structures. Here, as in other River Valley Projects, STEEL is of basic importance

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A Window on the World

WHAT IS INDIA'S FOREIGN POLICY?

By
ODYSSEUS

HAVING, I HOPE, through the concrete examples cited in previous weeks, firmly fixed it in our heads that a foreign policy consists in undertaking, in the furtherance of national interests, certain foreign commitments outside the national frontiers, commitments which the nation is ready and able to uphold in the last analysis by war, let us now take a look at India's actual foreign policy in the light of this definition of terms.

Since April 28, 1954, when the treaty on Tibet between India and China was announced which included the famous Five Principles: (1) mutual respect of each country for the other's territory and sovereignty; (2) mutual non-aggression; (3) mutual non-intervention in internal affairs; (4) equality of mutual benefit; and (5) peaceful co-existence, these five principles have been widely hailed as crystallising India's foreign policy. They are admirable aspirations, some of them taken from the U.N.O. Charter. I think that their promulgation may be useful in what used to be called "psychological warfare", but which in this context should perhaps be called "psychological peacefare". These aspirations have received wide publicity in India and they have aroused wide sympathy and approval as evidence that China is an eminently civilised nation. To that extent, they are likely to be a factor in influencing China's decision when next she has to make up her mind on some crucial act of policy. For were China to break the peace on the borders of India or of our immediate next-door neighbours, or were she to countenance any Viet-Minh attempt to break out of Indo-China's frontiers, or if China were to fail to observe these principles in any other way that mattered importantly to us, she would antagonise Indian public opinion, and render easy the task of any Indian government which, in the light of the crucial Chinese act envisaged, felt it necessary to use the army to protect our own frontiers or to help our neighbours against encroachment. In my article "What Is Neutralism?" (February 25), I was at pains to insist that ethics and ideals and principles have their place in international relations, and the five Sino-Indian principles are an instance of this.

But to regard, as many Indian editorial writers appear to regard, these principles as the embodiment of India's foreign policy is misleading to public opinion. This is because, as we saw last week, an act of foreign policy is one which involves a foreign commitment which must in the last analysis be upheld by war, and the famous Sino-Indian Five Principles do not constitute such an act.

Judged by this test, India seems to have a remarkably modest foreign policy because, apart from resisting any attempt by Pakistan to invade Kashmir, I cannot think of any foreign commitment which India stands ready to uphold by war.

As a matter of fact, when the numbers, weapons, equipment, and disposition, of the Indian army, navy, and air force, are considered, the conclusion suggests itself that the only foreign policy which the Government of India has equipped itself to carry out, and has educated Indian public opinion to understand and approve, is the containment of Pakistan.

I think it reasonable, however, to assume that if China began to infiltrate into Nepal or Burma, the Government of India would feel impelled to give these neighbours all the armed support that it could. But that support would, I cannot but imagine, be more in the nature of a gesture than anything solid, because India, with defence responsibilities covering a population of 357,000,000, frontiers extending over many thousands of miles of land and sea, and an area of 1,269,640 square miles, has no armed forces capable of fighting more than a delaying action against any foreign invader, other than a minor power of the calibre of Pakistan.

ARE INDIA'S COMMITMENTS TOO SMALL?

The first thought that these facts suggest is that India's foreign policy is a solvent one; her one explicit commitment—to defend Kashmir—is well within the resources of her power.

The second thought comes as a question: Are India's commitments not too small in relation to the interests that she has at stake? Should she not recognise publicly that her interests in peace extend at least from the Suez Canal to the Philippines? Should she not proclaim a Monroe doctrine, or shall we say a "Nehru doctrine", warning all and sundry that any outside attempt to disturb the status quo in this area will be made at the risk of war with India? There can be no doubt that such a "Nehru doctrine" would coincide with India's interests in South-East Asia as closely as the Monroe doctrine coincides with the interests of the U.S.A. in North and South America.

The alternative view, which the Government of India seems in fact to have taken, is that to maintain armed forces capable of (a) defending the Indian homeland against any first-class power equipped with nuclear weapons and (b) of enforcing a Pax Indiana from Suez to the Philippines would cripple India's economic advance. The example of China, a poorer country than India, which, with Soviet aid, has equipped itself to challenge the assembled might of the U.N.O. and the U.S.A. shows that the task would not be beyond India's capacity if she chose to divert her resources from peaceful projects to armaments. But the Indian people are at one with their government in not so choosing.

I think that this is a reasonable decision because, as I also said in "What Is Neutralism?", given about forty years of peace and real hard work, India could become an industrial power on a par with the U.S.S.R., or Western Europe, or the U.S.A.

But if our foreign policy can, on the one hand, be generally approved, I do not think that its implications are, on the other hand, as widely understood as they should be.

The first implication that follows from the existence of vital Indian interests that cover a wide sweep from Suez to the Philippines and the non-existence of Indian armed forces sufficient to protect them is surely that we cannot survive unless we cultivate powerful friends who are as interested in the maintenance of the existing international order in this area as we are, and who have sufficient power to do so. We are fortunate in having such friends to hand in Britain, the U.S.A., Australia, New Zealand, and the Commonwealth as a whole. Our safety depends on the continuing friendship and support of these countries. This is a fundamental condition of our survival, but it is not one that is popularly understood by the man in the street, or in the mofussil, in India at all. There is, on the contrary, a good deal of resistance to any such suggestion.

THE TROUBLE ABOUT PACIFISM

Some would reject the whole of this argument and maintain that as long as India is unarmed, no country will fear her, therefore no country will attack her,

therefore she would be wrong to associate herself with powerfully armed countries who provoke fear and attract attacks. I would ask such people to reflect over the point that, however indifferently China and the U.S.S.R. may view a poverty-stricken India today, with each succeeding decade of peace, India should become more prosperous and more powerful and should therefore become less and less an object of indifference to the Soviets and the Chinese. Without our Commonwealth and American friends, the Sino-Soviets might allow us to grow strong but they would never allow us to remain independent.

If I were in charge of our foreign policy, I would make no spectacular changes. I think that the policy of limiting our commitments, building up our resources in a long-term programme, and relying on powerful friends with common interests to protect us until we can make a bigger contribution to the common cause, until one day we can stand largely on our own feet (no country is ever likely to be powerful enough to stand entirely alone without friends in this world)—all this is sound. The only changes I would make would be:

(1) To explain to the people the aims and realities of our foreign policy, and I am not referring here to aspirations like the unimpeachable Five Principles but to liabilities and assets, commitments and power, whether our own or our friends', so that public opinion would gradually stop being woolly-minded, would understand what was going on, and would not be as misled and as ignorant as U.S. public opinion was after World War I, when the Senate took the first step towards World War II by refusing to allow the U.S.A. to join the League of Nations for fear of being involved in "distant European quarrels with which the U.S. was not concerned". (See "Power And Foreign Policy," March 18).

(2) To be a little more accommodating, a little less stern, aloof, and censorious towards the U.S.A. They mean us no harm and it is just as well to court cordial relations with those whose support we need.

The importance of educating public opinion in the realities of foreign policy is illustrated once more by U.S. experience. In 1937, when Japan, after securing an alliance with Germany to keep the West occupied, invaded China, it had become clear to President Roosevelt that the U.S.A. was physically powerless to uphold her immense commitments in the Pacific or to help her friends in Europe to protect themselves, and her, against Hitler's Germany. The situation was grave, though not irretrievable. If the U.S.A. had built up its virtually non-existent defences in Alaska, Guam, and the Philippines, if she had warned Japan that she would fight to defend America's Pacific interests, and had sought alliances with Britain, France, Belgium, and Holland, in Europe, and warned Hitler that she would regard an attack on her allies as an attack on herself, World War II might have been avoided.

But Roosevelt could do none of these things because they were all regarded by U.S. public opinion as anathema against the American way of life. "Armaments" and "entangling alliances" were blasphemous expressions. The rulers of Germany and Japan therefore knew that each had a free hand in its own continent without fear of U.S. intervention.

Fortunately for the future independence of India and for the survival of the free world, the Japanese and the Germans made some miscalculations. Although the Germans were able to eliminate France, their air force never eliminated the R.A.F. and so could not invade Britain, and although the Japanese were able to eliminate the American fleet at Pearl Harbour, they apparently forgot that if they left American industry intact, it was but a matter of time before a mighty counter-attack was launched.

The U.S.A. and the Commonwealth did indeed finally win the war, but they won it from an almost suicidally defenceless initial position, which forced on them an infinitely greater sacrifice of blood and treasure than if their peoples had understood what a genuine foreign policy involved. The trouble about the pacifist nation is that it disarms itself, but not its enemies.

[This is the final article in the series "Principles of Foreign Policy". Previous articles appeared on March 11, 18, 25, and April 1.—Ed.].



A DELHI DIARY

A CURIOUS CONFERENCE

DELHI, in Alice's phrase, is getting curioser and curioser. For the last week I have been trying—in a good Secretarial phrase—to fix responsibility for the Asian Nations' Conference which opened in New Delhi on Wednesday. The External Affairs Ministry of the Government of India has no information; yet I am informed that 138 delegates from 11 countries, namely, China, Japan the U.S.S.R., Syria, Viet-Nam, North Korea, Mongolia, Ceylon, Lebanon, Jordon and Pakistan have arrived. Curiously again, and again without any official explanation, I have been informed that delegates from Burma, Indonesia, Laos, Egypt, Sudan and Nepal have failed to arrive. Wisely it appears Thailand, the Philippines and other countries declined the invitation; their governments, it seems, will have no questions to answer. This Conference, it seemed, was part of the Peace Congress, but this, too, has been denied. The publicity of this Conference is so good that no one seems to be able to tell us why it had to be held. It is stated to be a non-party and a non-political conference; yet many members of the Congress party have been allowed to associate themselves sometimes in their official capacities. For example, Mr. R. N. Agarwal, who is the Chairman of the Reception Committee, is the elected Chairman of the Delhi Municipal Council. Surely, it is a little naive for the Congress party to say, in view of Mr. Agarwal's participation and in the grant of facilities such as the use of the Town Hall for meetings, that this conference has received no blessing of any kind. People are asking this question and it is right that they should receive an answer.

AN UN-NOTED PRECEDENT

The External Affairs Ministry has, it seems, been put in an embarrassing position particularly because of a request from Indonesia as to what this conference just before Bandung means. The External Affairs Ministry says, rather feebly, it does not know. But can the External Affairs Ministry truthfully claim that it knew nothing about the Conference until it was confronted by a fait accompli? I remember a parallel when a conference on Cultural Freedom was being held here some years ago. On that occasion the displeasure of the authorities was communicated to the conference which (tactfully!) removed itself to Bombay. Why has not this excellent precedent been followed in this case?

PHYSICAL PLANNING

There has indeed been questioning not merely of fellow-travellers from abroad; there has been this week some outspoken criticism of the Indian Statistical Institute which has been accused of leaning heavily like another famous tower of learning. A forceful article on the 'Dangers of Physical Planning' has appeared in the current issue of "Freedom First" over the name of Professor Hannan Ezekiel. Prof. Ezekiel points out that there is some considerable concern about the way in which experts operating from the Indian Statistical Institute are now presenting draft plans for India. There are dangers, it seems, not merely because of their political leanings, but also because (alas!) they are econometricians. More precisely Professor Ezekiel states:

"Econometricians by virtue of their subject itself, tend to think of human beings in terms of tidy little patterns of behaviour that can be fitted into equations and graphs. There is also danger from their tendency to see uniformity where it does not exist as they are usually willing to enforce it if mere human beings do not conform to their pre-conceived notions.

In the physical planning, as understood by the statistician and his group of experts, there is little doubt that there is implied a replacement of the democratic foundations of economic planning by a system of direction of resources which is so familiar to those who have studied the economies of the communist countries. Destruction of liberty is inherent in this technique of planning. Its greatest attraction is that it yields results, or so people are made to believe, though the sacrifice in terms of human suffering and the loss of liberty that has to be incurred is of course out of all proportion to its achievements."

AND FINANCIAL ACCOUNTABILITY!

I am in general, though not in total, agreement with Professor Ezekiel. May I, however, (since variety is the spice of life!) add an administrative argument to the political and economic pieces he has set out? It seems to me that the Indian Statistical Institute's research, which is paid for out of General Revenues, must be treated just as every other item of government expenditure. In other words, the policy and purposes of the National Sample Survey and its associated work are a fit subject for audit by the Auditor-General and for debate in Parliament. At the present time, as I understand it, certain sums are made available for research which Professor Mahalanobis might choose to employ in his discretion; neither his policy nor his decisions are financially accountable. If this is so, it would be what an Auditor-General once said of raids on the Consolidated Fund of India that they were a fraud on the Constitution.

I have a great respect for Prof. Mahalanobis as one of the world's foremost authorities on the Theory of Mathematical Sampling and I consider that he has, by and large, done a good job on the National Sample Survey. This does not, it seems to me, justify the assignment on a personal basis of a large sum of money to a particular organisation to be used at the discretion of one person without a sufficient check on its utilisation by Parliament and public authorities. The fact that the Indian Statistical Institute has a political colouring of its own makes this allocation all the more subject to criticism. This is an issue of principle of which the Finance Minister should take note; there is strong feeling in the country which does not belong to Professor D. R. Gadgil alone!

HALE AND FAREWELL!

I have just time to refer to the retirement of Sir Winston Churchill. It has become a commonplace to talk of his retirement as the end of an age. In a profound sense, this is true of British politics in which Churchill has been a central figure for the last fifteen years. It is not true of India; and not true by and large, of the world. Yet who can fail to pay tribute to a career so romantic in an age in which impersonal politics has tended to kill personal romance? I pay my tribute to Sir Winston Churchill not because of his achievements but because of this glow which he has given to this dreary world of politics in which we, journalists, so often dwell. May I also take some credit as if by reflection from his greatness? It so happened I was born in the house in Trinity Road, Bangalore, where he lived fifty years ago. This, I am happy to say, does not divulge my age!

ARGUS.

Special Articles

THE RACING INDEX OF INDUSTRIAL PRODUCTION

THE figures for the Interim Index of Indian Industrial Production published recently for November and December 1954, attracted widespread attention but their significance has not been fully appreciated. The figure for December 1954 at 164.5 is an all-time peak. It is however not this fact but the height of the peak which is significant. Against an average of 135.2 for 1953, the figure of 164.5 in December 1954 shows a rise of nearly 30 points in twelve months. Indeed, if we take the figure for January 1954 at 133.2, the December peak records a rise of over 30 points in twelve months. The overall rise in the year 1954 is 11 points above the average for 1953, the average figure being 146.5 for the year 1954. This rise is not in annual terms the highest recorded; for this index between 1951 and 1952 jumped 11.7 points. It is, however, to be remembered that it jumped then from a significantly lower base and under conditions which were much more favourable to a rise. There was a bottleneck of raw materials in cotton textiles and jute which, once overcome, would lead naturally to a significant rise in industrial production without any other large change in production.

The present rate of rise in industrial production requires some quite different explanation. This must be sought not in the general index but in the particular items in which substantial progress has been achieved. Curiously, the new dynamic elements are to be found in terms of our traditional old industries such as cloth, jute and coal. The indices for cloth at 135.8, of jute at 101.5 and coal at 142.7 for December 1954 are all all-time peaks. So, indeed, though not very significantly is the figure for steel ingots which ran at 136.9. The table below indicates the extent to which the other major industries have contributed to the spurt; the emphasis remains, however, on the old-timers.

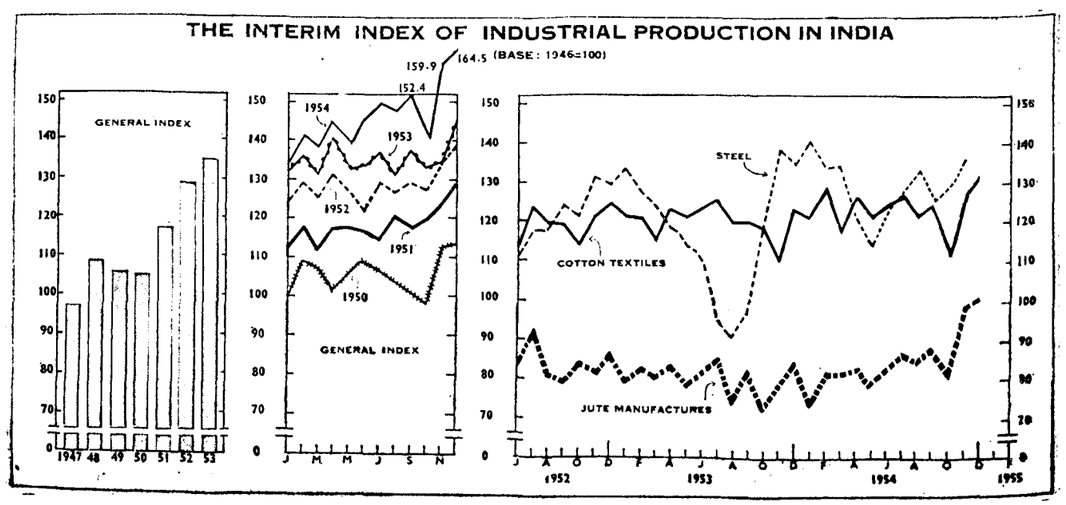
It is obvious from these figures that the present impulse in Indian industry, unlike that in 1951-52, is a continuous one and cannot be explained in terms of temporary bottlenecks or the existence of temporary unutilised capacity. It is essentially a response of a flexible productive system to an expanding market.

In the Special Article which follows an attempt has been made to assess certain specific expansions of the market which have made these developments possible. There must be a slowing down in the rate of progress on both cloth and jute but there is no reason why, with the heavy expenditure of the second Five-Year Plan under way, there should not be developments under engineering which would not partly compensate for falls elsewhere. However, it is unlikely that 1955 will record progress as good as 1954. A miraculous year has ended.

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946 = 100)

		General Index	Cotton Textiles	Jute Manufactures	Coal	Cement	Paper	Steel (Ingots and metal for castings)
	1950	105.0	93.8	76.8	110.8	169.5	102.7	111.2
	1951	117.2	104.3	80.4	118.8	207.2	124.4	116.0
	1952	128.9	117.7	87.4	125.4	229.3	129.7	122.0
	1953	135.2	124.8	79.8	124.1	245.1	131.8	116.5
	1954	146.5	127.9	85.1	127.4	284.9	143.2	129.3
January,	1954	133.2	125.8	72.7	118.3	276.9	114.7	140.3
April,	,,	144.9	131.9	83.7	127.9	283.7	158.3	121.0
July,	,,	149.8	132.3	87.2	120.8	278.6	148.2	128.6
October,	,,	141.4	114.1	81.1	119.0	284.1	155.2	130.3
November,	,,	159.9	131.0	98.9	139.9	290.6	172.5	136.9
December,	,,	164.5	135.8	101.5	142.7	301.0	..	..



THE CONSUMPTION OF MANUFACTURED GOODS

IT has been indicated in the previous article that the main factor responsible for the spurt of Indian industrial production is the expanding market for goods which has enabled existing units to develop under the influence of new consumers' demand. This demand is not all of one piece. A large, though apparently now a declining factor, has come from exports particularly of cloth and jute. The table below shows India's exports of cloth and jute in the last seven years. It will be seen that in 1954 in respect of cloth we reached a figure which was only slightly less than our all-time peak of 1950 when cloth exports were pursued mistakenly much to the detriment of home consumption. In jute the volume of exports has recently been higher than any figure in the last few years and is near the peak after the Independence of 1948. One factor which has tended to weigh in on the side of expansion of exports is the reduction in the price of raw materials in relation to those of manufactured goods. Table II shows the index of prices of raw materials produced in India and also internal prices for manufactured articles. It will be seen that while raw material prices have shown a strong downward tendency there has been a notable tendency to stability in the prices of manufactured articles both in the domestic market and for exports. The implication of these figures is that the margin of profits has risen in the year 1954. There is no doubt that this has been a powerful factor operating towards increased production.

TABLE I

Production and Exports of Textiles

	Cotton Textiles (Million Yards)		Jute Manufactures (Thousand Tons)	
	Production	Exports	Production	Exports
1948 ..	4,319	344	1,088	958
1949 ..	3,905	509	933	800
1950 ..	3,665	1,133	835	678
1951 ..	4,076	780	875	773
1952 ..	4,598	586	952	736
1953 ..	4,873	701	869	748
1954 ..	5,001	898	928	814

On the other hand, the fact that the receipts of agriculturists have declined suggests that there may be a setback on consumption, unless the prices of manufactured articles soon adjust themselves to the new conditions. Table II, columns 3 and 4, suggest that for their expenditure on manufactured articles the rural sector of Indian industry has lost something like 21 per cent of its effective demand by reason of a change in the terms of trade against rural areas. In view however of the fact that only a sum of Rs. 1200 crores might be taken to be the rural demand for industrial products this fall in purchasing power might be reckoned at Rs. 250 crores. The additional purchasing power in the towns might conceivably be the whole of this Rs. 250 crores so that on balance the total purchasing power for the whole country may not have altered in this period merely through a moderate change in agricultural prices.

In the special case of cloth there are some indications that a fall in agricultural prices leads to a total rise in cloth sales. If for the years 1950 to 1954 the general index of food prices is plotted against estimated cloth sales there tends to be an inverse correlation so that a fall within limits in agricultural prices is not reflected in a fall but in a rise in cloth consumption. While this is true of cloth it has not yet been established that a significant fall in agricultural prices will not injure demand for other manufactured articles.

The broad conclusions from this discussion would appear to be that the additional demand has tended to come from increased production in the rural areas rather than from changes in the terms of trade between urban and rural areas. But this is only the general conclusion. There is need for a breakdown industry by industry to determine how demand has risen in each case and how far this increased demand rather than a fall in costs has been responsible for increased production.

TABLE II

Wholesale Prices

(Year ended August 1939 = 100)

		Food Articles (1)	Industrial Raw Materials (2)	Manufactured Articles (3)	(1)|(2) x100	(1)|(3) x100
1951-52		398.6	591.9	401.5	67.3	99.3
1952-53		357.8	436.9	371.2	81.9	96.4
1953-54		384.4	467.7	367.4	82.1	104.6
April	1954	381.6	472.1	380.9	80.8	100.2
May	,,	366.2	464.6	381.9	78.8	95.9
June	,,	343.2	441.0	378.7	77.8	90.6
July	,,	355.5	423.2	376.6	77.8	90.6
August	,,	362.4	420.9	375.7	86.1	96.4
Sept.	,,	363.6	426.9	377.7	85.2	96.3
October	,,	355.9	428.8	376.5	83.0	94.5
Nov.	,,	334.2	443.8	377.0	75.3	88.6
Dec.	,,	318.0	436.3	375.1	72.9	84.8
Jan.	1955	310.3	432.9	375.5	71.7	82.6
Feb.	,,	304.3	436.2	376.8	69.8	80.7

THE BELSUND SUGAR CO., LTD.

NOTICE

The Annual Ordinary General Meeting of Shareholders will be held at the Registered Office of the Company, 14, Netaji Subhas Road, Calcutta-1, on Monday, the 25th of April, 1955, at 3 P.M. for the purpose of receiving the Directors' and Auditors' Report for the year ended 30th September, 1954, passing the Accounts, declaring Dividend, electing Director 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 11th April to 25th April, 1955, both days inclusive.

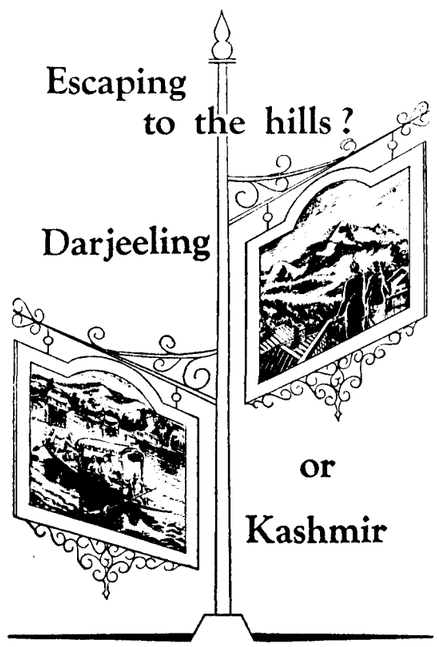
The Dividend warrants will be sent to Registered Shareholders.

By Order of the Board,

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Calcutta. Managing Agents.
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The Business World

EXPORT PUBLICITY — A VITAL TASK

SOME of the immediate problems to which the Advertising Council may be expected to give its attention may be outlined. Foremost among these is the urgent need to develop some machinery to undertake the vital task of export publicity. In the past, India relied solely on commodity exports for which advertising was unnecessary, except in such special instances as tea which was looked after by the International Tea Market Board. In the changed circumstances of today when our manufactured exports have to fight for markets in the Far and Near East with powerful competitors who have a long lead over us, we certainly need to bring into play sales promotion aids to win customers and keep them. To cite a recent instance, an Indian fan manufacturer exhibited in an International Trade Fair held in Colombo, but found that although his products were superior in quality, many Asian buyers preferred the product of a European country with an established manufacturing reputation. In cotton textiles, which undoubtedly constitute our most important manufactured export, competition in our export markets is growing keener, with both Japan and Lancashire making a formidable bid to recapture the ground they have lost to India. When we remember how vital it is for the nation to maintain these exports, not only to sustain the economy at its present level but also to pay for the capital equipment on which our hopes for the future rest, it will at once be evident that export publicity has an importance far greater than its present volume would suggest.

The Press Commission report estimates advertising expenditure overseas at Rs. 6 lakhs. This pitifully low figure indicates that the country's export traders have yet to accept advertising as an aid in sales promotion. At the same time, it is open to question whether the volume of this advertising would not have been significantly larger if better facilities were made available to the trade to place advertisement overseas. The larger advertising agencies in India, linked as they are to British or American affiliates, attempt to handle export advertising via London or New York. A great deal of overseas marketing information is available at these two centres of world trade, but it is extremely doubtful whether India's specialised interests can be adequately served in this manner. To cite one instance, an attempt was made last year to advertise handloom products overseas, but reportedly this venture was greatly hindered by the inability of agencies in India to provide adequate information about our natural markets in South Asia, East and North Africa.

Even assuming a large increase in export advertising expenditure, it is inconceivable that the volume will be large enough, within the near future, to permit any agency to develop a really competent Overseas Department, such as exists in a London or New York agency. The only answer to this problem would seem, therefore, to be a body which would handle export advertising on a pool basis. An attempt on these lines was made in Britain soon after the end of World War II. A British Export Trade Advertising Corporation (BETAC) was constituted as a subsidiary of the British Export Trade Research Organization (BETRO), with the hope of persuading agencies to channel their overseas business through this body. The total of the pooled business, it was anticipated, would be large enough to pay for really competent servicing of the accounts on the basis of expert local knowledge. BETAC foundered because its operation was uneconomic on the basis of the ordinary commercial practice of sharing the commission with the agency which initiated the business. There is no reason to suppose that the fate of a similar Indian body would be any different unless Government accepted a measure of financial responsibility from the start. Perhaps the Advertising Council will review the whole question, treating this issue of export advertising not as a routine commercial operation but from the broader national viewpoint.

The Advertising Council might with advantage press Government to nominate representatives of the business to the Export Advisory Council and also to the panels formed to promote exports of cotton textiles and the products of light engineering industries. Another related issue is the need to secure adequate Indian participation in the export promotion plans sponsored jointly with overseas interests, such as the campaign for tea now being conducted in U.S.A. in co-operation with wholesalers in that country. Campaigns such as this, for which India is bearing a major portion of the cost, constitute an excellent opportunity to provide practical training in advanced publicity techniques to suitable Indian nationals.

The Advertising Council will also have to accept some measure of responsibility for publicity campaigns linked to important national objectives. It will be readily admitted that contacts between Government publicity organs and the advertising business have neither been as close or cordial as one would wish. The Advertising Council provides for the first time a common platform for exchange of ideas between the two, and it is to be hoped that this will result in a better appreciation and understanding of the respective viewpoints. In the national interest, it is clear that means must be devised to mobilise the best advertising talents in the country for servicing major national campaigns such as the Five-Year Plan publicity, small savings, health and sanitation programmes. If the big advertising agencies could subordinate their business rivalries to form a joint organization to service Government accounts during the war, there should be no insuperable difficulty in pooling together resources today for national service.

SLUGGISHNESS AT THE SHIPYARD

By
CROESUS

IT is a very good suggestion, indeed, that Mr. K. C. Reddy, the Union Minister for Production, has made in asking people to think in terms of a "national sector" instead of talking unceasingly of the private sector and the public sector as though these are two distinct and opposite sectors. He has followed this up by an equally commendable practice of publishing a summary of the activities of several undertakings under his control. However, it is a pity that, despite one's best efforts through the proper channel (the Press Information Bureau and the Principal Information Officer, New Delhi) even columnists like me—let alone the common man—should find it impossible to get official copies of this summary. Presumably if this were made freely available and the public got to know more details about these undertakings, there would be less scope for doubts and criticisms. As far as I know, Mr. Reddy has never been averse to giving the

maximum news about the activities of his Ministry and clarifying all doubts. At Press conferences, he is never known to have minced words; wherever he felt the performance of any undertaking under his control did not come up to public expectations, he has not hesitated to say so in as many words, and, conversely, when he felt that some undertaking or other under his charge had done well, he has not tried to withhold the praise due. In these circumstances, I can only blame the haphazard handling of the publicity activities of the Ministry for having raised a huge storm of dust in regard to the Hindustan Shipyard. Those who are in charge of this Shipyard (public sector) need to be alert all the time and must remember that the public will always compare their achievements with those of the Scindias (private sector) from whom the Shipyard was taken over by the Government. If the concern expressed by shipping circles about the Shipyard is any measure of the extent of dissatisfaction of shipping companies in India, things must be far from satisfactory, if not definitely bad in the Shipyard. Yet the summary of the activities of the Ministry of Production's undertakings, as has appeared in the daily Press, makes the rather untenable claim that "considerable progress has been made for the implementation of the Rs. 196-lakh development plan", competent shipping circles with whom I have discussed this subject contend that the Yard has hardly made any progress. When the Yard was taken over from the Scindias early in 1952 and the Government of India appointed French technical experts, hopes were held out that the Yard would make rapid progress and that it would soon be supplying 6 to 8 ships per year. At the time the Government took over, there were two slips on which keels could be laid while the third slip was almost nearing completion. But even after more than three years after the Government took over, I am told, there are still only three slips on which keels of ships could be laid. If this is the true state of affairs, it cannot certainly be claimed that the Yard has made any progress at all, let alone "considerable progress" as the Ministry has claimed.

My purpose in referring at length to the Vizag Shipyard is not to pick holes but only to draw the attention of the Union Ministry for Production to what I have gathered in the course of my discussions with shipping circles in Bombay. Since shipbuilding is a vital industry, it is the earnest desire of every public-spirited citizen that the Yard must be put on a sound and efficient footing. If this is achieved, Indian ship-owners will not be obliged to place orders with foreign shipbuilders. Indeed, Indian shipping companies should always endeavour to patronise the Hindustan Shipyard and place orders with it for the construction of any kind of ship that they may require. However, if the Government expects Indian ship-owners to do all this, it must, in turn, undertake to build whatever ships are needed, of course, up to the capacity of the Yard, charge a reasonable price, and give delivery promptly, at the time stipulated. Unfortunately, on all these three counts, it would appear, the Hindustan Shipyard is still not in a position to give satisfaction to its customers. It is because of this that some Indian ship-owners have been compelled to place orders for the construction of as many as about 10 ships to be engaged in the country's overseas trades with a German shipping yard at a total cost of something like Rs. 12 crores. This means not only that the Yard loses a heavy order such as this but also a huge drain of foreign exchange which might well have been avoided. Again, there are reports that some shipping companies have written to the Shipyard complaining about repeated and inordinate delays and even threatening to cancel the orders already placed. It is further believed that, when the ship-owners wanted the insertion of a penalty clause in their contracts with the Yard, the Board originally turned it down although, I understand, it has since changed its earlier stand and is willing to consider the introduction of a penalty clause for non-delivery or failure to deliver on time. The ship-owners are also concerned about the proposed move of the Shipyard authorities to introduce standardisation of the types of ships. (It will be recalled that a reference was made to this question by the Chairman of the Shipyard only in September 1954). Shipping circles do not appear to have understood the precise meaning of the proposed standardisation move and are wondering whether, according to this move, the Yard would only build one type of ship, whether it is not to build passenger ships, or ships suitable for the overseas trade at all, or whether it has decided not to build these ships, as also tankers required for the carriage of both crude and refined oil to and from the new oil refineries that have come up.

Be that as it may, it is difficult to understand why the Shipyard has not made any worth while progress. Apparently, the French technical experts, to whom the Government is committed to pay a very attractive sum of 4 per cent on the turnover, have not been able to deliver the goods. This incidentally reminds me of the criticism of one of our foremost industrialists at the time the appointment of the French technical experts was announced—that it was rather strange that our Government should be engaging French experts for the Hindustan Shipyard. In his opinion, there were other countries with longer and certainly more outstanding records as shipbuilders.

Against this background it is worth while recording the history of the Vizag Shipyard since the foundation-stone of the Yard was laid on June 21, 1941. Because of the war, the Shipyard was not able to make much headway for some years. But, even so, between the year 1946, that is the first full post-war (World War II) year and March 1, 1952 when the Scindias handed over the Yard to the Government of India, it is noteworthy that the Company had built and launched as many as 10 ships, of which 8 had actually been delivered. The Government of India itself had placed orders for the construction, first of three ships and later of three more. Of these, three were actually delivered, work on two had been half-finished and work (save that of laying the keel) on the sixth had not commenced when the Yard was taken over by the Government. On the other hand, only two ships have been built by the Hindustan Shipyard on their own so far. Of these, one was sold to the Bharat Lines and the other to the Scindias. The subsequent orders of the Scindias and the Eastern Shipping Corporation are nowhere near completion and the expected delivery dates of these ships are being continually postponed. Originally, one of the ships for which the Scindias had ordered was expected to be delivered in August, 1954 but the latest indication is that it may not be delivered before May next. Similarly, in the case of another ship, the date of delivery has been put off from March, 1955 to November 1955. As regards other ships, the delivery dates have been postponed to different dates ranging from 1956 to 1957. In other words, between the original expected dates of delivery and those indicated for delivery since, there has been a difference of nearly two years. No ship-owner would like to find himself in such a position and put himself to considerable economic loss, for if he does not get the use of the vessel by the time he requires, not only will the cost of shipping go up but also his potential income from the ship in the meantime will be lost to him.

In fairness to labour one cannot attribute all these delays to either its intransigence or its inefficiency. It is true Indian labour is by and large still very slow and inexperienced, but a well-known British shipping expert, when asked for his views on the Hindustan Shipyard recently, opined that, although Indian labour is slow and inexperienced, it would improve in due course and that its workmanship was comparable to that of Clyde. The British expert also complimented the Yard on the quality of the timber used and the workmanship of its joiners and riveters. If, therefore, India can pride herself on having very good timber, very good joiners and riveters and very good workmanship generally, there must be something wrong with those people who are at the top, especially when they have the foreign technical experts whose services were specifically indented upon for purpose of putting the shipyard on an economic basis.

Now the Union Government's agreement with the French experts is said to have been entered into even before the Hindustan Shipyard Ltd. had been formed, so that, as early as by July, 1952, their two high class technicians could be in India to serve as technical managers of the Yard. In addition to technical assistance, the agreement is understood to have stipulated the provision, by the French experts, of advice regarding organisation, development and management of the Yard, as also the establishment of a fully equipped and competent designing and estimating office. The French experts were also required to train and guide Indian staff and enable them to take up positions of responsibility eventually, as also to obtain, or assist in obtaining, the supply of steel, etc. In return for all these services it is that the French experts were to be retained on a commission of as much as 4 per cent on the turnover of the Company. A Technical Director and a Shipyard Manager were duly sent by the French experts as per the agreement. The new shipbuilding programme under Government auspices was first approved in 1952. It apparently took eight months for the French experts to tell the Board of the Company that the laying of the keels of the 7000-tonner would be delayed, as all plans were not available and consequently they could not place orders for the necessary steel. After one full year thereafter the H.S.L. Board was still being told that the drawings of the Shipyard were inadequate, whereupon the Board took prompt steps to authorise an increase in the strength of the staff to the required extent. It was, however, not until March, 1954 that the French experts actually appointed a Production Engineer. One of the partners of the firm of French experts came to India in April, 1954, that is just one month after the Production Engineer had been appointed, and made the statement that "there was considerable progress in the organisation and output of the Yard". He even expressed confidence that the fabrication of steel at the rate of 700 tons per month should go on till the end of 1954 and increased to 800 tons per month from the beginning of 1955. On this basis, he drew up a new schedule of delivery dates which represented a delay in almost every case of at least about six months as compared to the earlier schedule. But even this revised schedule has had to be further revised; thus, in the case of one ship of Scindias of 7000 tons, the delay works out to 10 months, while in the case of the Eastern Shipping Corporation's order for a reserve of 8,000 tons, it approximates to 14 months.

Again, following the discussions with the partner of the firm of French experts, the Government of India approved of a modified plan for the development of the shipyard in July 1954, at a cost of Rs. 196 lakhs over the following three years. It was hoped that the execution of this plan would lead to an increase in the Yards' production, but in the very month in which the Government approved of the revised plan submitted by the French experts, the H.S.L. Board itself received information, it is stated, that work was not proceeding even according to the revised plan and it was further alleged that the planning done by the technical team was neither adequate nor comprehensive. It was in these circumstances that the H.S.L. Board sent its General Manager, Mr. Gupta, to France to discuss matters personally with the partner of the French firm in question who had by this time left India. Following this visit, the firm of French experts sent two more Frenchmen to India and there was again a revision in expected delivery dates. This naturally caused surprise among shipping circles who soon found out that the new Frenchmen that had arrived from France did not belong to the permanent staff of the firm of the French shipbuilders, with whom the Government of India had entered into an agreement.

In the context of what has been stated so far, it is not difficult to appreciate the reasons for the repeated delays in delivery of ships by the Hindustan Shipyard. The delay of nearly two to two-and-a-half years' time indicated by the Yard after becoming a unit of the public sector compares very unfavourably with the 13 months which the Scindias were taking for construction and delivery of a ship, and only nine months which the German shipyards have been taking now. The blame for the performance of the Yard so far must be shared—I shall not venture an opinion as to the proportion in which the blame has to be shared—between the Government of India and the French firm of technical experts. But the blame apart, it is a matter of serious importance to find out the causes of the present state of affairs.

With the dismal record of progress in building ships that the Shipyard has already to its credit thus, it is adding insult to injury if those in charge of the Shipyard were to make the remark (in the published summary) that "the Shipyard has in hand orders sufficient to keept it busy till 1957". For this gives a very wrong impression. If no ship is deliveried since October 1952, it goes without saying that the Shipyard will have orders in hand to keep it busy till 1957. If the Shipyard continues to postpone delivery dates indefinitely, it can well make the fantastic claim that it has orders sufficient to keep it busy for years to come. To allow a state of affairs which permits of a delay of nearly 30 months since the Yard delivered the last ship, and that with such costly advice of foreign experts, is, to say the least, a criminal waste of public money. The authorities must remember that they are trustees of public funds and must account for this most unsatisfactory performance of the now State-owned Hindustan Shipyard. What is more, the Ministry of Production must take immediate steps in order to clear the Augean stables, set matters right, and ensure the building up of this vital industry of the country by placing it on a sound and economic footing without further loss of time.

THOUGHTS ON BANKING

By
CROESUS

THE speech of Mr. Pranlal Devkaran Nanjee, Chairman of the Indian Banks' Association, at the 8th Annual General Meeting, held recently, was in the nature of a valedictory address. He was laying down office after having taken over from Sir Homi Modi, the first Chairman of the Association, in 1949 and continuing in the capacity ever since from year to year for the past five years. He would still have continued but for his own request that he should be allowed to retire for reasons of health. The mantle of this responsible office has now fallen on the shoulders of a younger, but nevertheless worthy, person—Mr. C. H. Bhabba. This, by the way, is the first honour that has come to Mr. Bhabha after his marriage only the previous day. It is perhaps an earnest of greater honours yet that matrimony has in store for him.

The theme of Mr. Pranlal's address was a reiteration of his previous thesis that banks have reached the limit of their establishment charges and that they must be helped now, if not to reduce expenditure, at least to increase earnings and build up adequate inner reserves. Lest anyone should draw from the results of working of banks in 1954, the inference that all is well with banks, he categorically mentioned that the higher profits during 1954 did not indicate that banks would be in a position to shoulder any further burden by way of increased establishment charges; in the case of most banks, "there is a paramount necessity to build up adequate inner reserves".

In this connection, the ex-Chairman of the I.B.A. traced the steady increase in the proportion of the expenses of banks to their earnings. The earnings of Indian scheduled banks, he said, increased from Rs. 29.73 crores in 1948 to Rs. 34.34 crores in 1953, but, on account of a more than proportionate increase in their expenses, their net profit fell from Rs. 8.07 crores in 1948 to Rs. 6.51 crores in 1953. Comparing this to the position in the U.S.A., Mr. Pranlal made the interesting observation that, while in the U.S.A., the ratio of established expenses to profits of the banks rose only slightly from 0.75 per cent in 1949 to 0.84 per cent in 1952, it increased in India from 1.36 per cent to as much as 1.80 per cent during the same period. The establishment expenses of Indian scheduled banks in 1952, alone, he said, absorbed 50.86 per cent of their gross profits as compared to 33.1 per cent in the case of American banks. According to Mr. Pranlal, the chief items contributing to this increase in expenses are interest on deposits and establishment expenses.

While the I.B.A. ex-Chief has been sounding a note of warning about increased establishment expenses, no one can say with any degree of definiteness whether or not even the high establishment expenses of today are the limit. I fully endorse Mr. Pranlal's hope that Mr. Gajendragadkar will be able to judge for himself the impact of all the relevant factors on the banking industry in India and its future role in the Indian economy before making his recommendations. One must also join with Mr. Pranlal in his prayer that Mr. Gajendragadkar's recommendations would be found acceptable by all the parties so that there might be a happy ending to this inordinately prolonged dispute in the banking world.

The retiring I.B.A. Chairman availed himself of the occasion to answer a question which, he said, had been put to him very often, namely, why the number of workmen in the banking industry has apparently remained at 60,000 or 65,000 for several years, although the country has been making large strides in the industrial field. "I am afraid," said Mr. Pranlal, "that this is due to the retardation of the development of banking by too high establishment charges." But more than this broad generalisation, the proper answer, in my opinion, is contained in the further remark of his that, "if the well-employed will allow their good fortune to be shared partially by the unemployed, it will appreciably help relieve unemployment." What has been happening is that the greater benefits to the already employed in most cases have been responsible for diminishing the chances of the unemployed to get jobs. It is this aspect that Mr. Pranlal rightly wanted the authorities to bear in mind when considering the claims of those already employed.

There are many people, including even some eminent civilians, who seem to think that secret reserves which are the inner reserves of a bank are bad and undesirable. As Mr. Pranlal rightly opined, the "word 'secret' has probably given cause to a mis-conception in the minds of many that they are something bad." But as he went on to point out, "that is altogether a wrong and uncharitable view. Really, not providing and accumulating adequate inner reserves, when a bank has the ability to do so, would be wrong and against the interests of the bank and the public. Inner or secret reserves mean nothing more than that they are unpublished reserves for falling back upon to meet contingencies. The building up of inner reserves by banks is essential for making their position sound. Until the inner reserves of a bank are adequate and sufficient to take care of the contingencies which are a part and parcel of a bank's increase in establishment charges, that would weaken its ability to build them up". In view of this lucid explanation, comment is unnecessary.

For any business undertaking to run economically, one of two things is absolutely necessary: either the working expenses must be reasonably low vis-a-vis the income, or the income must be such as to grow with every increase in the establishment expenses. In the case of banks during the last few years, unfortunately, in addition to higher establishment charges, they have also had to pay on call money borrowings as much as 3 to 3½ per cent against a bare ¼ per cent or at times even none at all in the past. This rather sudden development led to the banks approaching the Reserve Bank of India to use its good offices to get together all the bankers in the country and arriving at an agreement amongst themselves to limit the rates of interest payable on the different kinds of deposits so as to reduce the greater burden of interest on deposits.

When banks are called upon to pay more by way of interest on the money that they borrow, they will naturally begin to think in terms of charging more on the advances that they make. So, to offset the all-round rise in costs, Mr. Pranlal has expressed the view that it is necessary for banks also to raise the interest rates on their advances, wherever possible. It is his view that the rates at present charged have not been raised commensurately with the rise in the rates of Government borrowings from 2½ to 4 per cent. "The time has now come" declared Mr. Pranlal, "when a part of the all-round increase in the costs will have to be transferred to and borne by their constituents".

So the ex-Chief of the I.B.A. proceeded to suggest to banks to think of other ways of increasing their income, the more so because it has been found from practice that the raising of the advance-rates is not as easy as it may seem, thanks to the operation of the law of diminishing returns. Among the two suggestions made by Mr. Pranlal to increase the income of banks, his suggestion to levy reasonable service charges for the numerous services that banks render to clients for which some of them have not been charging until recently is merely to follow the line of least resistance. Even without any such decision by the Association, some banks are already charging their clients the value of even the stamps pasted on their credit balance certificates at the end of accounting periods, apart from several items of exceptional charges and often exorbitant collection charges even for cheques on branches of their own banks! I would therefore suggest that, preliminary to any action that the members of the Association may decide upon, there must be a thorough survey of the different charges that banks are even now charging so that the present occasion may serve the twin purpose of the introduction of a new levy as well as bringing about uniformity in banking practices.

The other suggestion of Mr. Pranlal for increasing the earnings of banks, however, is a non-controversial one, and there should be no difficulty in giving effect to it. The suggestion is that the Reserve Bank of India should allow banks to maintain their statutory balance with the bank in Government securities of equal value instead of in cash. At the present juncture when our banks constitute the most competent instrument for helping the economic development of our country, I feel that the central banking authority should not only view this suggestion favourably but act upon it promptly.

BUSINESS NOTES

BANK DEPOSITS

BANK deposits have attracted more than usual interest in all the annual reviews of the progress of banking during the last year for quite obvious reasons. An analysis of the financial working of scheduled banks in 1954 easily spotlights the conclusion that two factors which prevented the net profits of banks last year from rising appreciably in spite of a marked increase in gross income were the rise in establishment expenses and the incidence of higher payments of interest charges on deposits. The higher cost of deposits is the result of their relative inadequacy, but while it is an undisputed fact that interest rates should tend to go up under pressure of demand, it has been conceded for over a year now that banks should impose upon themselves a sort of discipline in checking the rise of unhealthy practices directly responsible for pushing up the rates.

Mr. G. D. Birla has again found it incumbent to draw anxious attention to this harmful trend. However much the majority of the big banks may have consented to accept a voluntary restriction on the interest rates offered for deposits, a gentleman's agreement of the kind that the scheduled banks tried to arrive at could not be evolved without complete unanimity among them. This failure to secure total concurrence by a narrow margin should spur undiminished efforts once again in the near future. A complicating factor this year was the prevalence of the higher Bank Rate in Britain which induced the exchange banks to seek the additional funds they required in the Indian market. This extra pressure on the demand for deposits should have brought home to the exchange banks the advisability of joining hands with Indian scheduled banks to put a limit on interest rates. Their reluctance in this matter is difficult to understand and Mr. Birla felt constrained to point out that they found no impediments in coming to an agreement on a structure of fixed rates for exchange.

An interesting feature of the behaviour of bank deposits that the Chairman of the United Commercial Bank stressed in his speech at the annual meeting of the bank was the impact of payments made by the Government on account of supplies and services rendered. It was only in the fourth year of the Plan that these payments began to be reflected in a visible manner in the funds of the banking system and last year's increase in deposits is to be attributed fractionally to them. The inordinate time-lag between conclusion of contracts for supplies or services on government account and actual disbursement of funds immobilises considerable amounts of private capital. It is surely high time that serious thought was given to this problem and a solution attempted not only to cut the annoying red tape but to investigate the feasibility of resuming the war-time practice of advance payments.

ANOMALIES IN CLOTH TAXATION

MR. R. E. CASTELL'S presidential speech at the last annual general meeting of the Buckingham and Carnatic Company makes certain vital points about the anomalies in various taxes on cotton textiles and their practical implications. The popular impression to the effect that the change introduced this year in the export duty on cloth is an unmixed blessing has been partially dispelled by the consequences following the revision of the classification of cloth for purposes of this levy. It is undoubtedly true that the revision of the export duty has brought a reduction of 3¾ per cent ad valorem, but this benefit extends only to coarse varieties of cloth which were the only varieties subject to the duty. The revised classification of cloth brings within the purview of the new duty of 6¼ per cent several additional varieties for which a traditional export market has been built up. Their competitive strength will now be impaired and this is by no means a minor factor at a time when declining prices and lower purchasing power are combining to raise the difficulties of overseas sales. It is a special merit of the Buckingham and Carnatic Company that despite inroads into its profit margin, it could succeed in exporting 25 per cent of its output in 1954. This involved price reductions and extra attention to efficiency and productivity, but it is problematical how many of the textile units can bear a strain of this nature.

The change from the basis of linear yardage to square yardage for assessment of the excise duty is bound to throw heavy tax burden on wide cloths and its incidence will be excessive in relation to the price on a wide range of cheap kinds of cloth commanding popular demand. In so far as the taxes imposed by the State Governments are concerned—and they constitute a heavy burden on the industry—the prospect of any relief in sales tax or special or additional sales tax or inter-State sales tax is non-existent for the present. It must inevitably take considerable time before the Taxation Enquiry Commission's recommendations are put into execution for simplifying the present machinery of the inter-State sales tax. Demand on current account continues to impose great administrative strain on the managements. But until the simplified procedure gets under way, the staggering volume of work inflicted by inter-State sales tax on account of the retrospective effect given to it must be borne by the industry.

TRADE WITH WEST GERMANY

THE treatment of the Federal Republic of Germany by India on a par with soft currency area countries and the treatment of India by West Germany on a par with non-member countries of OEEC entitled to clear their external accounts through the EPU are not measures of extraordinary accommodation. In fact, trade between the two countries has not come up against special difficulties as is testified by the growth of its volume in recent years. The formal trade agreement which was concluded between them on March 31 last in effect seeks to ratify the existing pattern. The area of restriction of import or export trade in both the countries is very small, and by and large liberalisation of their trade policies admits of practically free trade in a wide range of goods in which they have interest.

About 12 per cent of the imports into Germany still await release from restrictions of quantitative control and they include certain products in the export of which India has much interest. These are products such as cotton piecegoods, coir products, jute manufactures, miscellaneous cotton, silk and artificial silk textiles, certain specified types of leather, and so forth. This enumeration is important for the reason that it covers India's two premier exports—cotton and jute textiles. The actual German offtake of Indian piecegoods has not grown to an appreciable size, but in jute we have both a high stake as well as good bargaining power. The agreement provides that satisfactory quotas would be fixed for import of all these commodities from India, but the precise allocation is expected to be announced in the next month. Indian exports of tea, coffee, manufactured as well as unmanufactured tobacco, herbs, raw drugs, manganese ore, iron ore, mica, shellac and a few other goods will enjoy free entry in Germany and the extent to which

a share of the German imports of these articles can be acquired by India will be determined by the normal factors of price, quality and time of delivery. India's main interest in imports from Germany is centered in machinery and capital equipment. There is an assurance in the agreement about the technical skill of Germany being made available to India. It implies extension of the process of collaboration in industrial undertakings which is proceeding effectively on a progressive scale in the public as also private sectors of the Indian economy.

RELIEF FOR ELECTRICITY

THE claim for a higher Standard Rate of Return and for provision for deferred tax reserve has become a hardy annual for the electricity industry for some years past. Its ceaseless advocacy, however, does not detract from its equity and urgent necessity. It would appear that the time has arrived at long last, after a period of hard trial patiently borne by electricity undertakings, when relief would be forthcoming in some measure. In the course of his presidential speech at the forty-second ordinary general meeting of the Ahmedabad Electricity Company, Mr. K. G. Milne, the Chairman, expressed modest optimism about the prospect of relief. As far as the enhancement of the Standard Rate of Return is concerned, Government's projected move to link this rate with the Bank Rate, leaving a differential margin of 2 per cent, does not help to bring tangible relief to the industry. At the current Bank Rate of 3.5 per cent, the Standard Rate of Return would be pitched at the inadequate level of 5.5 per cent.

Deferred tax reserve has solid chances of being allowed and this demand has commanded the support of the major State Governments. Further, the case for the reserve has been fortified by the recommendations of the Taxation Enquiry Commission. The next step that needs to be gone through before a comprehensive Amending Bill can be introduced in Parliament is to devise a precise method to give shape to the change. Mr. Milne has uttered a caution against any premature feeling of gratification at the relief which the grant of the Development Rebate of 25 per cent of the value of all new plant and machinery installed is likely to create. He has been prompt in emphasising that the benefit of the rebate, instead of being retained in the finances of the enterprise as in the case of other industries, may have to be passed on to the consumer as in the case of the accelerated depreciation allowances. Nevertheless, the concession of the Development Rebate is not a matter of indifference to the electricity supply industry. It can help to postpone the time when the accumulations of deferred tax liability will be due for payment. Even if the quantum of relief is reduced in this manner, it will not be inconsequential.

ISI ON THE EXPANSION PATH

THE financial year that has just passed saw another remarkable stride made by the Indian Standards Institution in its progressive march. The total number of standards actually published and awating in the Press grew from 466 to 601 in the last year. The number of Committees and Councils rose from 423 to 490 and their membership increased from 4,300 to 5,250 between 1953-54 and 1954-55. This expansion should serve as a fair measure of the rate of the development of the Institution's activities. The Institution's membership increased by 134 to 1,031. The standards evolved by the ISI are now gaining greater popularity and the drive to extend their application in practice on a far wider scale proceeded considerably last year. The work of certification is being organized on a firmer footing and legal formalities for making ISI Certification Marks effective have been fully gone through. With the completion of the technological part of the work, it would be possible this year to put through the certification scheme. The base of the Institution's work is to be broadened to make its approach with industrial areas easy by setting up two offices—one at Calcutta and the other at Bombay.

The ISI could not help being alive to the pressure of demand for a far larger number of standards and specifications than heretofore consequent on the expansion of industry in the course of the second Five-Year Plan. Its plan for development is currently being drawn up. The stage has certainly been reached when non-official sources should be the major patrons of the standards evolved by it and the appeal made by Mr. T. T. Krishnamachari at the tenth meeting of the General Council of the Institution for a transition in reliance for revenue from Government quarters to private sources should find full and active approval. The finances of the Institution have not been as quick in showing their buoyancy as the tempo of its technical work. Its membership subscription made a marginal improvement last year from Rs. 2.42 lakhs to Rs. 2.67 lakhs. Effective aid has come from the Government which increased its grant from Rs. 3.2 lakhs to Rs. 5.13 lakhs. While non-official support must be its mainstay eventually, the expansionist activity on which the Institution has embarked is not to be allowed to be hampered by inadequacy of funds. With this end in view, Mr. Krishnamachari announced the Government's decision to award a fixed annual grant to the ISI in the neighbourhood of Rs. 7 lakhs for the next six-year period. This solid assistance will be the real inspiration to the Institution for undertaking planned development of work in the immediate future.

POLAND'S BUDGET FOR 1955

POLAND'S Budget for 1955 derives interest from the fact that it gives a picture of the revenue and expenditure estimates for the final year of the Six-Year Plan. The Polish People's Republic views its significance from the contribution it will make to laying the broad-based foundations of socialism for the country's economy. The development of the national economy in all the components and levelling up of the living standards and cultural standards are normally adopted as tests of the soundness of the budget. From this angle, it would appear that earnest effort is being made to allocate financial resources to the task of development. In the emphasis on national economy, special stress has been laid in the budget on securing higher agricultural production. The budget expenditure on agriculture, including forestry, is 21.8 per cent higher than in 1954.

Total expenditure on the national economy is 7.7 per cent higher than in the last year and to this must be added non-budgetary resources of the enterprises on their own. Social and cultural services constitute the second biggest head of expenditure and their share is 10.9 per cent higher than in the preceding year. Out of an aggregate expenditure of 114,900 million Zlotys, national economy gets an appropriation of 60,000 million Zlotys, while social and cultural services get an allocation of 28,900 million Zlotys. Between them, these two components absorb 78 per cent of the entire expenditure in the budget. National defence gets 11,900 million Zlotys equivalent to 10.4 per cent. The composition of this third biggest item of expenditure is not clear and the assessment of the total defence expenditure would probably require the inclusion of provision from other sources, possibly the allocation in the budgets of the federal units. The aggregate revenue estimated in the budget is 122,000 million Zlotys (105,300 million Zlotys being derived from the socialised economy) which, when set against the expenditure figure of 114,900 million Zloyts, leaves a surplus of 7,100 million Zlotys.

COMPANY AFFAIRS

THE BRITISH INDIA CORPORATION LIMITED

The working results of the British India Corporation Limited for the year 1954 show a loss of Rs. 4.23 lakhs (after making allowance for depreciation) as against a profit of Rs. 40.58 lakhs last year. The sales have declined from Rs. 719.55 lakhs in 1953 to Rs. 693.29 lakhs this year and the stocks have come down from Rs. 356.58 lakhs to Rs. 348.25 lakhs this year. Allowance for depreciation has been increased from Rs. 6.50 lakhs in 1953 to Rs. 10 lakhs in the year under review. There is no provision for taxation this year, while last year it was placed at Rs. 25 lakhs. Rs. 14 lakhs, which were in taxation reserve, and are now not required for that purpose, have been made available to be disposed of as Dividend etc. Dividend on preference shares is 8 per cent and on ordinary shares is 1¼ per cent as against 10 per cent last year.

The main reasons for the sharp deterioration in the Corporation's trading results during the year 1954 were the impact of excise duties, and the heavy cost of either employing or discharging labour made redundant by changes in trade.

The leather footwear concerns have not done well due to excise duty, elastic demand of the commodity and competitive market and declining quality of raw hides. The cotton section too has not fared well. The sales of the woollen branches were somewhat higher during 1954. However, profits were considerably narrowed down due to competition. The management are not overly optimistic about higher dividends for shareholders—not at least for the present. The comparative position for the last three years is given below:

(Rupees in Lakhs)

Year ended 31st December	1952	1953	1954
Sales	784.45	719.55	693.29
Stocks	299.48	356.58	348.25
Raw materials and manufacturing charges	352.63	458.40	429.19
Salaries and wages	197.12	204.44	168.77
Depreciation	6.50	6.50	10.00
Profit (+) or loss (—)*	+ 34.96	+40.58	—4.23
Provision for taxation	30.00	25.00	..
Dividend per cent			
Preference shares	8	8	8
Ordinary shares	12½	10	1¼
Balance carried forward	1.99	3.59	2.81

* After making provision for Depreciation etc.

THE UNION BANK OF INDIA LIMITED

The working results of the Union Bank of India Limited show a profit of Rs. 6.76 lakhs (before providing for Reserve Fund or Taxation) as against Rs. 6.79 lakhs last year. Deposits have increased in the year under review from Rs. 578.01 lakhs to Rs. 588.66 lakhs, and investments have declined from Rs. 280.76 lakhs last year to Rs. 234.31 lakhs this year. Advances are higher at Rs. 791.10 lakhs as against Rs. 696.79 lakhs last year. Interest paid on Deposits and Borrowings has increased to Rs. 12.14 lakhs as against Rs. 10.32 lakhs in the previous year. Income from Interest and Discount has increased from Rs. 24.55 lakhs last year to Rs. 26.74 lakhs in the year under review. Income by way of Commission, Exchange and Brokerage too is higher at Rs. 1.97 lakhs as against Rs. 1.02 lakhs last year. An amount of Rs. 1.50 lakhs has been transferred to Reserve Fund Account and Rs. 1.15 lakhs have been set apart towards payment of Taxation. Rs. 2.75 lakhs have been kept for the payment of dividend at the rate of 6¾ per cent per annum. The amount carried forward this year is Rs. 1.76 lakhs as against Rs. 1.80 lakhs last year.

NIZAM SUGAR FACTORY

The audited accounts of the Nizam Sugar Factory for the year 1953-54 show a profit of (Osmania Sicca) Rs. 61.36 lakhs (before making provision for payment of Bonus to employees, for depreciation and interest on loans and contribution to Employees' Provident Fund) as against (O.S.) Rs. 48.34 lakhs last year. Provision for Depreciation has been placed at (Indian Government) Rs. 25.26 lakhs and taxation reserves at Rs. 16.00 lakhs. Contribution to Employees' Provident Fund amounts to Rs. 1.61 lakhs.

The total cane crushed this year is lower at 96.46 lakh maunds as compared to 106.91 lakh maunds in 1952-53. Total sugar manufactured is also lower at 10.51 lakh maunds as against 11.40 lakh maunds last year. Recovery per cent, however, was higher than last year, when it was 10.66, while it is 10.9 in the year under review.

The comparative position for three years is summarized below:

Year ended 30th June	1952	1953	1954
Duration of the two plants worked	160 150	142 112	114 138
Total cane crushed (lakh mds.)	107.95	106.91	96.46
Total sugar manufactured (lakh maunds)	10.52	11.40	10.51
Recovery per cent	9.73	10.66	10.9
Profit* (O. S. Rs. lakhs)	36.27	48.34	61.36

* Before providing for Depreciation, Interest on Loan, Contribution to Employees' Provident, Fund and Taxation reserve etc.

GODFREY PHILLIPS, INDIA, LIMITED

The Directors' report and accounts of Godfrey Phillips, India, Limited, for the year ended 31st December, 1954, show a decline in sales from Rs. 230.44 lakhs last year to Rs. 184.70 lakhs in the year under review and naturally a fall in profits (after making provision for taxation and depreciation) to Rs. 3.85 lakhs this year as against Rs. 9.96 lakhs last year. The decline has been caused by higher excise duty on cigarette and sales taxes. The directors feel, however, that the worst appears to have passed and a favourable trend for sales may be reasonably expected.

Salaries and wages are lower than last year and total expenses too have come down from Rs. 190.93 lakhs last year to Rs. 156.23 lakhs in the year under review. Provision for depreciation has been raised a little at Rs. 4.40 lakhs as against Rs. 4.23 lakhs last year. Provision for Taxation is lower at Rs. 3.30 lakhs this year against Rs. 7.00 lakhs last year. The balance carried forward too is lower this year at Rs. 13.30 lakhs as against Rs. 15.43 lakhs last year.

A statement of accounts for three years is given below for a comparative study:

(Rupees in Lakhs)

Year ended 31st December	1953	1952	1954
Sales	278.26	230.44	184.70
Stock	0.99	1.87	1.71
Salaries and wages	15.44	15.70	14.21
Total expenses*	215.04	190.93	156.23
Depreciation	3.65	4.23	4.40
Provision for taxation	14.90	7.00	3.30
Net Profit**	20.76	9.96	3.85
Balance carried forward	13.39	15.43	13.30

* Include raw materials, excise duty and factory and selling expenses etc.

** After providing for taxation and depreciation etc.

Company Meeting

THE UNITED COMMERCIAL BANK, LTD.

All-Round Improvement in Bank Operations

GENERAL CONDITIONS SURVEYED

Speech of the Chairman, Shri G. D. Birla

Speech delivered by Shri G. D. Birla, Chairman of The United Commercial Bank Ltd., at the Twelfth Ordinary General Meeting of the Bank held on 30th March, 1955.

Gentlemen,

I have great pleasure in welcoming you to our Twelfth Annual General Meeting. Before proceeding with the business of the meeting I have to report to you, with great sorrow, the death of Mr. B. N. Jalan who was a member of the Board of Directors since the inception of the bank and who, during the period of over a decade of his Directorship, rendered great service to the bank and brought to the deliberations of the Board the benefit of his wise counsel and experience.

The Balance Sheet and Profit and Loss Account of the bank have been in your hands for some time and you would, no doubt, have been pleased to note the improvement of the bank's business to which the figures bear testimony.

BANK'S BUSINESS

Deposits

You will notice that the total of the current, savings and fixed deposits and other accounts at the end of 1954 stood at Rs. 40.42 crores as compared with Rs. 37.72 crores at the end of 1953. The increase in deposits of Rs. 2.70 crores represents a rise of 7.1 per cent and though the increase is somewhat smaller than the 22 per cent recorded in 1953, it should, nevertheless, be considered as quite satisfactory.

Cash

Cash on hand, balances with banks and money at call and short notice together accounted for Rs. 6.08 crores and represented 15 per cent of our total deposit liabilities.

Investments

The investments of the bank in Government and other approved securities stood at Rs. 17.16 crores which shows a small reduction of Rs. 72 lakhs as compared with the figure at the end of 1953. The reduction is due to a moderate lightening of our holding of Government securities and a substantial reduction in debentures of Joint Stock Companies. The ratio to deposits of our investments, after deducting the amounts borrowed thereagainst, is 33.6 per cent. Cash resources and unencumbered investments together amount in the aggregate to Rs. 19.66 crores giving a liquidity ratio of 48.7 per cent to total deposits. The bank's investments are shown in the balance sheet, in accordance with our usual practice, at below the prevailing market rate.

Bills

The amount of bills discounted and purchased has increased during the year from Rs. 7.79 crores to Rs. 8.57 crores. Bills constitute a very desirable self-liquidating asset and it is gratifying to note that these form 21.2 per cent of the total deposits of the bank.

Total Liquid Assets

The total of our most liquid assets—cash on hand and with banks, money at call and short notice, unencumbered investments and bills—represents 69.9 per cent of our deposit liabilities. We have always aimed at keeping a high liquidity ratio and I trust you will agree that this is a correct policy.

Foreign Exchange Business

The bank continues to make satisfactory progress in the field of foreign trade financing and though the balance of bills payable outside India on the balance sheet date shows a slight reduction the total business handled during the period under review has been larger than previously. The total of outstanding acceptances, endorsements and other obligations, which is an index of our activity in the finance of foreign trade, has shown a gratifying rise over the year and, with the relaxation of import and export controls, it is permissible to look forward to a satisfactory expansion of business under this head.

Advances

The advances of the bank, which from the point of view of revenue contribute the largest return, have increased from Rs. 11.99 crores to Rs. 16.07 crores. The increase is largely due to the high level of industrial and commercial activity which prevailed in the year 1954. The removal of control over food grains and the financing of the storage and movement of grains through normal banking channels is one important factor in the higher level of bank advances. The advances of the banking system as a whole stood at Rs. 467 crores at the end of 1954 as compared with Rs. 419 crores at the end of 1953. This represents a rise of 11.5 per cent for all scheduled banks.

The combined total of our advances and bills rose during the year 1954 from Rs. 19.79 crores to Rs. 24.64 crores and it now forms 61 per cent of our total deposits.

Profit

Turning to the Profit and Loss Account, it is gratifying to note that the profit for 1954 is Rs. 31,06,404-1-6 as compared with Rs. 23,01,201-5-3 for the year 1953. The growth of the resources of the bank and their profitable employment in advances and bills have more than off-set the increase in working expenses and the higher cost of money. The results have been arrived at after providing Rs. 6.52 lakhs for depreciation of bank's property, furniture and fixtures and other equipment.

The earnings of the bank under the head of 'Interest and Discount' has gone up by Rs. 15.00 lakhs and under the head of 'Commission, Exchange and Brokerage' by Rs. 13.71 lakhs. On the expenditure side 'Interest paid on deposits and borrowings' is higher by Rs. 13.14 lakhs, salaries and allowances by Rs. 6.30 lakhs and other working expenses by Rs. 1.77 lakhs.

Appropriation of Profits

As stated in the Directors' Report the net profit of the bank for the year 1954, including the sum of Rs. 1,52,320-7-3 brought forward from 1953 accounts, is Rs. 32,58,724-8-9. Out of this amount the Directors have already transferred Rs. 6,50,000 to Reserve Fund which now stands at Rs. 86,50,000 and have made a provision of Rs. 12,50,000 for Income-tax and of Rs. 2,50,000 for bonus to staff, leaving a balance of Rs. 11,08,724-8-9. In view of the improved working results the Directors have thought it right and proper to recommend to you that the dividend be increased from 4 per cent per annum paid last year to 5 per cent per annum, free of Income-tax, leaving Rs. 1,03,724-8-9 to be carried forward to next year's account.

Branches

During the year, the bank opened sub-branches at Ballygunge (Calcutta) and Jalahalli (Bangalore) and a branch at Bassein in Burma.

Consequent on the merger of the French establishments in India with the Indian Union, the Banque de l'Indo-chine, which had the prerogative of issuing bank notes in French India which had a branch at Pondicherry for the last 80 years, decided to close down its office there and we have purchased the premises and taken over the valuable business of its Pondicherry branch with effect from 14th March, 1955. Our already existing branch at Pondicherry has now been shifted to the more commodious and more prominently located premises acquired from the Banque de l'Indo-chine.

Management

At the end of November last, under medical advice, your General Manager, Mr. B. T. Thakur, had to fly to London to undergo a major operation. I am glad to say that the operation was successfully performed and his health has improved. He has now resumed his duties. During his absence your Deputy General Manager, Mr. S. T. Sadasivan, acted as General Manager of the bank in addition to doing his own work. I am glad to say that Mr. Sadasivan performed the additional duties of the General Manager most satisfactorily. I also take this opportunity to mention the valuable contribution made by the officers and staff at the Head Office and branches to the achievement of the successful results of the past year and to thank them for their loyal and devoted service.

Trend of Deposits

It is gratifying to note that the deposits of scheduled banks have shown a decisive expansion in 1954 and this is in strong contrast to the stagnant or declining tendency during the past several years. The total deposits of scheduled banks on 31st December, 1954 were Rs. 932.31 crores as compared with Rs. 838.12 crores on 31st December, 1953, and Rs. 830.72 crores on 31st December, 1952. Expressed as a percentage there is an increase of 10.9 per cent on 1953 and 12.2 per cent on 1952 figures.

There are several factors which influence the trend of commercial bank deposits, the chief of which are—(1) the balance of external payments and export and import policy, (2) the inventory position with manufacturers, merchants and producers of raw materials, (3) the degree of promptness of disbursements on Government account for supplies and services and (4) Government's policy as regards tax collection. It is axiomatic that if the country is running a surplus on its balance of international payments account the deposits tend to expand and vice versa. The balance of payments position is governed by conditions abroad and also by the Government's policy as regards imports and exports. In the year 1951 when we had an adverse balance of nearly Rs. 147 crores on trade account the deposits of commercial banks contracted by Rs. 16.5 crores and advances moved up by Rs. 100 crores. If inventories are high as a result of increased production or of over-imports or of inability to export, deposits of banks begin to contract. If the Government makes quick payments for the supplies and services secured by it, deposits of commercial banks tend to increase but on the other hand if there is delay in these payments the growth of deposits is retarded. The considerable expansion in deposits during the war time was, among other things, due to the advance payments made in anticipation of supplies and services; but with the passing of the emergeny, advance payments gave way to delayed payments with the result that, as stated at the meeting of the Associated Chambers of Commerce and Industry in January, a sample survey of overdue bills on the Government indicated that payments were in arrears to the extent of about Rs. 12½ crores to the limited number of members who had sent in returns. If a complete census of the amounts overdue from the Government is taken the figures will probably be startling. If this state of affairs is remedied and prompt payments from the Government become the normal rule, the resulting de-frosting of frozen money will have a very healthy effect on deposits.

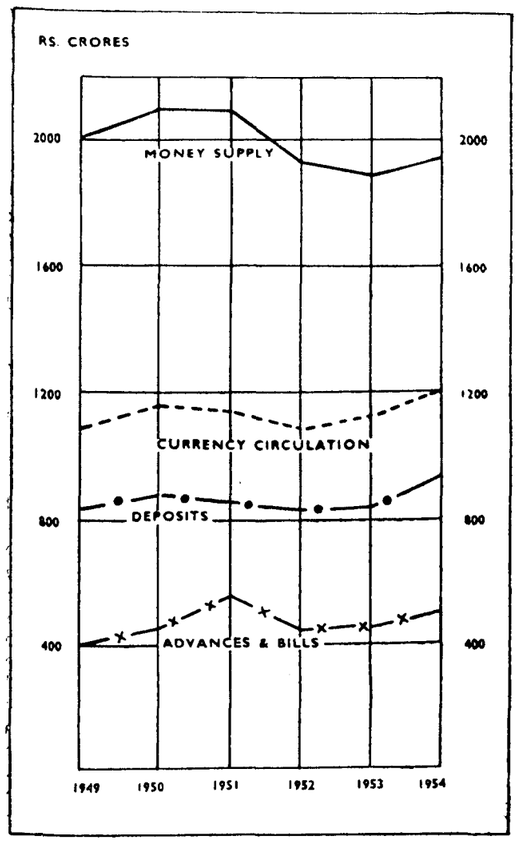
PRINCIPAL ECONOMIC FIGURES

Money Market: Amounts (Rs. crores)									Economic Trends: Index Numbers			
					Investments: 1949-50=100							
Year (Last Friday)	Deposits (a)	Advances & Inland Bills (a)	Currency Circulation	Money Supply	Govt. of India	Debentures	Preference Shares	Variable Yield	Wholesale Price Aug. '39=100	Working Class Cost of living (Bombay) Aug. '39=100	Industrial Production 1946=100	Electricity Generated Relative 1946=100
1949	833.37	410.62	1,106.47	2,003.73					381.1	100	106.3	121.7
1950	862.77	445.15	1,163.25	2,085.00					400.7	102	105.0	126.8
1951	846.21	542.52	1,141.09	2,080.59					439.3	108	117.2	145.2
1952	830.72	468.33	1,092.12	1,938.05					386.9	110	128.9	153.6
1953	838.12	461.09	1,125.52	1,890.67	90.2	100.7	97.2	94.0	393.9	118	135.3	166.4
1954	932.31	510.50	1,200.49	1,936.63	90.2	100.7	88.3	113.7	367.8(b)	118(c)	152.0(d)	192.9(d)
% Change between 1949 & 1954	+11.9	+24.3	+8.5	—3.3	—9.8*	+0.7*	—11.7*	+13.7	—3.5	+18.0	+43.0	+58.5

Crore=10 million. (a) Of Scheduled Banks in India. (b) December 1954. (c) October 1954. (d) September 1954. * % change between the base and the year 1954.

Again, the pace of collection of taxes determines the extent to which tax provisions continue to remain in the banking system and to make a welcome, though temporary, addition to banking resources. Government policy, therefore, largely determines the growth of commercial banks' deposits.

MONEY MARKET



Though in the first Five-Year Plan Government disbursements have been very large, these were not reflected in increased bank deposits but only in somewhat higher circulation of currency. The decisive expansion of deposits in 1954 may, however, be taken as the first sign that the financial disbursements arising from the execution of Government plans are at last beginning to percolate into the banking system, and it is to be hoped that the operation of the second Five-Year Plan will result in a healthy growth of the resources and strength of the banking system.

While the long-term outlook for deposits may, therefore, be considered as fair, competition among banks for available deposits is getting keener and the rate of interest paid on deposits has tended to keep quite firm. Moreover, by reason of the stiff rise in the Bank of England rate, London is becoming unattractive for borrowers and there is, therefore, keener competition from Exchange banks in India to secure all available surplus funds in the local market. In this situation, it is a matter for regret that it has not been possible for banks to arrive at an inter-bank agreement governing the rates of interest to be allowed on deposits. Last year I had drawn the attention of my banker friends to the necessity of arriving at an understanding and chiselling out an agreement on interest rates with a view to avoiding uneconomic competition. In this connection I must acknowledge the help given by Sir B. Rama Rau, Governor of the Reserve Bank of India, who called an informal meeting of the Imperial Bank of India, the Indian Banks Association and the Exchange Banks Association to discuss the large increase in rates of interest on deposits that had taken place and to point out the desirability of arriving at an agreement governing the rates which would be fair to depositors and banks alike. After protracted negotiations it was found that no agreement could be reached. The majority of the big Indian banks were willing to enter into such an agreement but some of the Exchange banks did not agree to fall in line and the scheme had to be abandoned as it was considered inadvisable to proceed with it unless all the major banks agreed to it. It is regrettable that Exchange banks who find it so easy to work within the framework of fixed rates of exchange should not consider it fit to join the Indian banks to work within a framework of an integrated interest rate structure. The Exchange banks, not being content with a major share of the business connected with the foreign trade of the country, are making a great drive for capturing domestic business also with the offer of higher rates of interest on deposits. For healthy development of banking there should be an equitable distribution of business and closer co-operation among banks as regards rates and margins of profit.

Establishment Expenses

In April 1954, the decision of the Appellate Tribunal, presided over by Mr. Justice Jeejeebhoy, was announced. The Appellate Tribunal's decision increased the starting salary of employees in several grades and enhanced the dearness allowance and other benefits granted by Sastri Tribunal to such an extent that, by reason of the resultant increase in establishment charges, the banks would have been obliged to close down several of their branches. In response to the representation made by the banks to the Government of India, the Appellate Tribunal's decision was modified. The modified award of the Government retained the pay scales and dearness allowance of the Sastri Award with certain changes. In order that no employee may be adversely affected, all of a sudden, the modified award also provided that the total emoluments of an employee should not in any case be reduced in the first year and that any excess now received by him over what he would be entitled to under the modification be adjusted thereafter in three yearly instalments. The Government also instituted a fact-finding enquiry presided over by Mr. Justice G. S. Rajadhyaksha. The terms of reference were to examine the effects on the banking structure of the Sastri Award, the Appellate Tribunal's decision and the modified award and to make recommendations to the Government regarding salaries, dearness allowance, etc. bearing in mind the need for ensuring an equitable treatment to bank employees consistent with the capacity to pay of various classes of banking companies or individual units. In making recommendations, the Commission was directed to pay due regard to the desirability of avoiding widespread closure of banking companies or their branches, to the necessity to promote development of banking in the country generally and in rural areas in particular and to any possibilities of economies in the expenses of banking companies. Detailed information regarding their working for several years was submitted by the banks to the Commission. Unfortunately, however, when Mr. Justice Rajadhyaksha was about to complete his work, he fell ill and expired after a short illness. His death is a great loss to banking as it was expected that on account of the confidence of banks and employees alike in his sense of justice and fairplay he would have given an award which would have put an end to the dispute. Mr. Justice Gajendragadkar has now been appointed to continue the enquiry and I hope his decision will be given soon.

The dispute between the banks and their employees has dragged on for the past several years. Conditions are further deteriorating as no final decision acceptable to both parties has, so far, been arrived at. The outturn of work, efficiency and sense of service on the part of employees have considerably gone down. After all, the success of any institution depends upon the combined and co-ordinated efforts of the management and the staff and it is essential that the employers should consider the changing times and work in close co-operation with the employees. It is also the duty of the employees to work devotedly for the institution as it is only with their increased efforts higher income can be earned which in turn would enable the management to pay higher wages. Mutual recriminations must cease and everybody's energies should be directed towards the improvement and smooth working keeping always in view the increased production.

Before proceeding to review the economic conditions in India, I shall first briefly comment on the conditions in the overseas countries where we have branches.

Malaya

During 1954, Malaya had an overall adverse trade balance of $23.7 million compared with an adverse trade balance of $206 million in 1953. This improvement in the trade position was mainly due to better rubber and tin prices during the second half of the year, and to a general improvement in trade conditions. Production of rubber in 1954 at 583,126 tons was higher by 10,334 tons than 1953, and its exports from Malaya rose by 67,903 tons to reach 915,114 tons as compared to 1953. The average price was 66.56 cents per lb., the average during 1953 being 67.00 cents. Exports of tin during 1954 totalled 60,831 tons—a rise of nearly 7.4 per cent on 1953; the average price during the year was $353.59 per picul (133.1/3 lbs). The increased production of rubber and tin indicates that conditions were less disturbed in the interior of Malaya. As a result of this improvement the Straits Dollar strengthened against Sterling.

The prospects for Straits-Indonesian trade appear somewhat poor. Indonesia continued to be a large supplier of petroleum, rubber and copra but it took much less of Malayan exports than previously. Singapore merchants are hopeful that the trade will recover when the internal political and economic difficulties of Indonesia are brought under control; but, for the present it would appear that the Indonesian authorities are pursuing a policy of import trade control which seems to be aimed at re-orienting the country's trade through its own ports and this policy is likely to have an adverse effect on the business of Singapore.

If the political conditions in the Far East do not deteriorate during the current year and if the U.S.A. maintains the same policy regarding stockpiling, we can confidently hope that steady prices will prevail for Malaya's principal commodities, rubber and tin, which will have a very beneficial effect on the country's economy and its Government's revenues.

Burma

During the year 1954 internal security conditions in Burma improved further with a corresponding improvement in communications.

Trading conditions have been somewhat difficult on account of the changed world situation in food grains. The total amount of rice exported during the year 1954 was nearly 1½ times that exported in 1953. Japan and India were the largest purchasers of Burma rice. India entered into a contract for the purchase of 900,000 tons most of which was lifted by the close of the year. However, due to the lower price which it fetched, the value of exports was almost indentical to that of 1953. The exportable surplus from the 1954-55 rice crop is expected to be 1,600,000 tons and efforts are being made to dispose of this surplus. Japan has already entered into a contract for the purchase of 200,000 tons, while Ceylon is likely to purchase the same quantity. The agreement with China which has been concluded provides for a sale of 150,000 tons on partly cash and partly barter basis and it appears likely that the U.S.S.R. may also purchase a reasonable quantity. As rice forms about 75 per cent of the exports of Burma the Government is engaged in pressing forward with schemes for disposal of rice through Government and trade channels.

The Government has continued to nationalise many foreign-owned enterprises. A joint venture agreement on oil was signed between the Government of Burma and the Burmah Oil Company and other associated companies and Government made an initial payment of Ks. 3.30 crores to the oil company under the said agreement. A new refinery is being built at Syriam by the Burmah Oil Company (1954) Ltd., and when this comes on stream in about a year's time the output of refined products should reach 350,000 tons a year, which would make the country self-sufficient in oil. The scheme is, however, not big enough to permit Burma to export oil as she did before the war.

The budget for the year ending 30th September, 1954 showed a deficit of Ks. 32.40 crores. A mission from the World Bank visited the country during the latter part of 1954 and a report on its findings is awaited with interest.

Burma has a large programme for the development of the country and the need for foreign equipment for the implementation of these programmes is reflected in the ceaseless flow of tender notices issued by the Government authorities and in the activities of the various Government Purchasing Missions. Development projects include the Balu Chaung Hydro-Electric scheme, a medium sized steel mill, sugar mills, jute mill and tea blending and packing factory. The result of all these schemes is likely to be felt in about a couple of years.

During the year the State Commercial Bank was established under an Act of Parliament and it started work with initial capital funds of Ks. 1.20 crores contributed by the Government.

Hong Kong

During the year there was little change in the political situation in the Far East, though the settlement in Indo-China certainly improved the business prospects in this region. Consequently the trade pattern remained unchanged.

The economy of Hong Kong is vitally connected with the countries of South-East Asian region like Indonesia, Thailand, Malaya &c., who have been good buyers of her manufactured products. The continuous fall in the priecs of the primary products of this area has badly depleted the purchasing capacity of these countries and this was partly responsible for the decline in the total value of the trade of the Colony which showed a decrease of 11 per cent as compared to the previous year. The volume of total trade, however, increased slightly which shows that the fall in the value of trade was accounted for mostly by the fall in commodity prices.

Imports of cotton, rayon and woollen textiles from Japan have risen and have supplanted Italian and British supplies. Exports to Indonesia and Malaya are on the increase. India and Japan are both selling more cotton textiles to Hong Kong and Japan's decision to reduce her overall cotton textile export by 20 per cent should be welcome news to exporters of textiles in India.

During the last few years the entrepot trade has fallen off considerably but the steady development of the local manufacturing industry has been a bright feature and it has helped to sustain the economy. Hong Kong's industries, though young, have continued to progress further during the last year so that they now employ nearly 200,000 workers. Locally manufactured products form 25 to 30 per cent of the total exports and the value of such exports increased from $635 million in 1953 to $682 million in 1954.

The outlook for the coming year does not seem to be very bright and much depends on the course of political events in the Far East and the progress that the countries of South-East Asia region make in stabilising their economies. A settlement in the Far East, with possible removal of the embargo on trade with China, may have beneficial effect on her trade. Improvement in the economy of neighbouring countries would give further impetus to her industrial development.

Pakistan

Pakistan's foreign exchange earnings have been progressively dwindling since the bumper earnings of 1951 and this has resulted in increased restrictions on foreign exchange expenditure on essential items. Pakistan's earnings have been derived principally from the sale of raw jute and cotton and the prices of agricultural commodities generally have been subject to unpredictable fluctuations in the world markets. Internally, Pakistan's industrial production, particularly of jute goods and cotton textiles, have gone up considerably and these two industries are experiencing near-boom conditions. An agreement has been entered into with the U.S.A. for large-scale economic assistance and it is expected that this will help Pakistan to improve her position, and result in increased imports of more consumer goods of which the country had been on short ration for some time past.

United Kingdom

The United Kingdom had a remarkable year of prosperity with industrial production, employment and consumer expenditure reaching new peaks. The terms of trade, however, turned somewhat adverse and the rate of increase of gold and Dollar reserves slackened. During the second half of the year Sterling turned weak in terms of the Dollar and the prolonged weakness of Sterling indicated the presence of elements of inflation and an expansion of internal consumption on the basis of instalment purchase to the detriment of the export trade. Timely action has, therefore, been taken by putting up the Bank Rate first to 3½ per cent and then to 4½ per cent and the increased Bank Rate is already proving effective as is indicated by the rise in the quotation of Sterling in the foreign exchange markets of the world. Convertibility of Sterling, however, still appears to be far off but the improvement in the technique of controlling exchange rates by the intervention of the Bank of England in the Transferable Sterling market might bring about a closer integration of the official and unofficial rates of Sterling and pave the way for convertibility sooner than it is permissible to hope for now.

GENERAL CONDITIONS—INDIA

Committee on Finance for the Private Sector

The Committee on Finance for the Private sector, of which your General Manager, Mr. B. T. Thakur, was a member, published its report in April 1954, and made several valuable recommendations calculated to facilitate the undertaking by commercial banks of new responsibilities to help the industry directly and through the medium of specialised finance corporations. The Committee also made recommendations regarding the assistance which should be extended by the Reserve Bank to Commercial Banks with special reference to rediscounting and remittance facilities and it is a matter for gratification that the Reserve Bank has implemented several of these recommendations. In particular, the Reserve Bank has extended the facilities of the Bill Market schemes to all licensed scheduled banks and has brought down the amount to be borrowed at any one time and the amount of individual bills to Rs. 10 lakhs and Rs. 50,000 respectively.

All-India Rural Credit Survey

The Committee appointed by the Reserve Bank of India, under the Chairmanship of Mr. A. D. Gorwala, to enquire into Rural Credit problems has also published its report. The principal recommendations of this Committee are:

1. The establishment of a State Bank of India by the integration of the Imperial Bank of India and the major State-associated Commercial banks under the effective control of the Government of India. The opening of new branches by the State Bank of India with a view to taking over cash work from non-banking treasuries and sub-treasuries, providing vastly extended cheap remittance facilities for co-operative and other Banks and developing rural banking faicilities effectively and on a country-wide scale in effective consonance with the national policies as expounded through the Central Government and the Reserve Bank of India.

The Committee has made it unambiguously clear that the whole object of the programme would be, not the nationalisation or near-nationalisation of commercial banking in the country, but the provision for and the increasingly effective evolution of, an integrated India-wide, commercial banking institution associated with the State and responsive to its policies, especially its policies for the benefit of the rural areas.

2. The progressive organisation, on a co-operative basis, of the processing and marketing of agricultural commodities and the development of state warehousing facilities through an All-India Warehousing Corporation and State Warehousing Companies.

3. The progressive organisation, on a co-operative basis, of as large a sector of rural economic activity as possible, e.g., farming, irrigation, transport, milk supply, dairying, live-stock breeding and cottage industries.

The Government has accepted with modification the recommendation of the Committee to assume effective control of the Imperial Bank of India forthwith and the question of integrating into the new State Bank other institutions which are already doing treasury work of the various State Governments is still under consideration. The Committee's recommendations on rural credit are very valuable and when they are implemented the problem of agricultural credit and marketing which had baffled generations of bankers will be nearer a satisfactory solution.

Taxation Enquiry Commission Report

The Taxation Enquiry Commission presided over by Dr. John Matthai have made a thorough enquiry into the changes which have taken place since an earlier Commission reported thirty years ago and have made recommendations regarding systems of taxation, sources of revenue, state commercial enterprises, state trading and a number of other important subjects. In the opinion of the Commission there has been very little addition to the national tax-effort in the last two or three decades; while the national income and public revenues have kept pace with each other in money terms, neither of them has shown any significant increase in real terms. Their distribution 'vis-a-vis' different groups in the country has undergone alteration. A greater degree of elasticity of revenue is now

available and, with the disappearance of the old rivalry between the Central Government and State Governments as regards sources of revenue, there is now complete co-ordination in improving revenues from well-demarcated sources. The Commission recommend the need for utmost restraint in the growth of non-development expenditure and stress the existence of room for economy and avoidance of waste in public expenditure. The Commission emphasize the roles of taxation and of borrowing in the financing of development programmes and suggest that deficit financing should be kept at a minimum. Increases in both direct and indirect taxation are recommended. Direct taxation has to be stepped up with a view to reducing inequalities and a ceiling on net personal incomes is to be achieved by stages over a period of time. The recommendations for rationalisation of taxation include the carry-forward of losses for an indefinite period instead of the present limit of six years, removal of restrictions so as to permit setting-off of losses of one business against the profits of another and increase of depreciation allowance in respect of plant and machinery.

A welcome recommendation to new enterprises is the grant of a development rebate at the rate of 25 per cent on the cost of new fixed assets and the complete exemption from tax for a period of six years of all new concerns falling within the category of selected special enterprises of national importance.

Changes are also recommended to permit general insurance companies to strengthen their underwriting reserves.

Notwithstanding the appreciation by the Commission of the need for development of the economy of the country some of their recommendations might, instead of helping such development, defeat that laudable object. The Commission are not in favour of deficit financing and recommend increased taxation, direct and indirect, to bring about the realisation of the objectives of National Planning. The second Five-Year Plan calls for greater investment than the first Five-Year Plan and the resources of revenue surpluses, the proceeds of internal and external loans, and foreign aid will be insufficient for achieving the target of development without resort to deficit financing.

It is obvious that where employment is low and there is a great margin for increasing production, a spending programme cannot lead to inflation. Inflation through spending programme comes in only when there is no possibility of new employment and creating new production. The spending programme of "deficit financing" as it is called is thus fully justified. The index of general prices has, in fact recently come down from 434 in 1951-52 to 390. The tendency of commodity prices at present is still to go down. The problem is not one of fighting inflation but rather of creating conditions for reflation. Created money will bring about such reflation and hasten the economic development of the country.

The Commission lay great stress on restriction of consumption with the object, probably, of releasing capital for development, and with this object in view and also in order that the loss of import duties as a result of increased industrialisation may be made good, the Commission have recommended the levy of excise duties on several commodities. In their opinion these duties would be spread over a large number of the country's population which, at present, do not contribute much to the tax revenues of the State. These duties will, however, act as a brake on production. Increased national wealth can only be achieved by increased production but production cannot be increased unless there are markets ready and willing to absorb it. If restraint is to be placed on consumption, increased production would only result in stock-piling which, in turn, would react on production. The output of food grains, industrial raw materials and manufactured goods has increased all over the world and India cannot depend always on its export markets but will have to look to the internal market for the offtake of its products. A higher standard of living can be obtained only by parallel increase in both production and consumption.

The proposed increase in Income-tax rates, the increase of indirect taxes, the levy of new duties and the raising of the land revenue at a time of declining agricultural prices will all tend to lessen the savings in the hands of the people on whom reliance has to be placed for securing the resources with which investments can be made in the public and private sectors. While it is the declared policy of the Government to encourage private industries to continue to function in the narrow and limited sphere allocated to them, the recommendations of the Commission will result in the diversion of funds from the private sector to the public sector and thus unduly handicap the private sector.

Not so welcome, either, is the recommendation, since adopted in this year's budget, for the amendment of Section 23A of the Indian Income-tax Act and the imposition of a penal tax of 25 per cent on undistributed profits of private and quasi-private companies. Such higher taxation of undistributed profits would force the companies to distribute their profits to the hilt in the form of dividends instead of ploughing profits back to augment the resources of the private sector. The undistributed profits in the hands of private individuals would gravitate to the central exchequer in the form of direct taxes. This will have the effect of starving the private sector to the benefit of the public sector.

The Commission recommend the creation of a fiscal monopoly in certain commodities like tobacco, matches and salt as a source of increased revenue. In spite of the Commission being aware of the factors which might operate against the success of fiscal monopolies, such as the lack of expert personnel, uneconomical management and the possibility of deterioration in the quality of products, they suggest an expert enquiry into the possibility of setting up fiscal monopolies. State trading, as is the experience of several countries, would result, in a vast country like India, in throwing out of employment a large number of persons engaged in distribution trade with no appreciable increase in revenue. It is only in a free competitive economy that large employment could be found and the consumers would be able to get better quality at cheaper prices.

The report is bound to be the reference book of Finance Ministers for several years to come but I hope that in giving effect to fresh proposals for taxation based on the recommendations the Government would always bear in mind the need to ensure that capital formation is not impeded and that production and employment would increase.

The Capital Market

The flotation of the 3½ per cent Ten-Year National Plan Loan dominated the capital market in 1954. This loan which was opened for subscription on the 19th April, 1954 and closed on the 16th September, 1954 realised about 158 crores, a substantial part of which came from the public and a smaller part is believed to have come from the Reserve Bank of India.

There were no State Government loans with the exception of the Ten-year 4 per cent Saurashtra State (Local Bodies Development) Loan issued at Rs. 98. A number of State Financial Corporations were floated

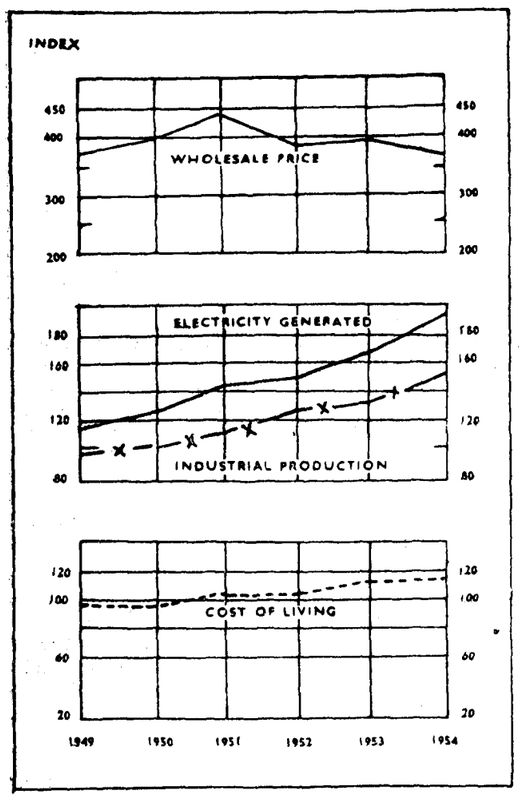
during the year, the chief of which were, Bombay, West Bengal, Hyderabad, Assam and Saurashtra Financial Corporations. Several debenture issues were also made by companies the most important of which was the issue by the Burmah-Shell Refineries Ltd. of Rs. 8 crores at 5¼ per cent interest, repayable in 1965-69. On the whole, the new capital issue market might be said to have had a remarkably successful year.

The Stock Exchange

The Government Securities market which was depressed at the time of the flotation of the National Plan Loan staged a steady recovery and at the end of 1954 the price of Government securities with the exception of 3 per cent Conversion Loan stood at materially higher levels than at the end of 1953. The following prices of representative Government securities will show the extent of the movement of prices.

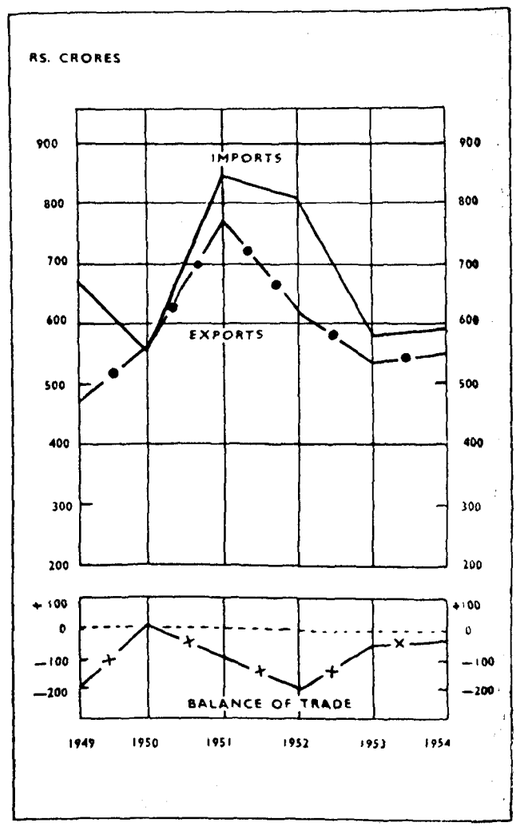
	31-12-54 Rs. As.	31-12-53 Rs. As.
3% Conversion Loan 1986	80-14	82- 7
3 % Government of India Loan 1957	99- 1	98- 5
3 % Government of India Loan 1963-65	93- 9	92- 7
3½% Government of India Loan 1961	99- 2	98-14
3 % Government of India Loan 1970-75	86-14	86- 8

ECONOMIC TRENDS



The Stock Exchange went through remarkable boom conditions and ordinary shares continued to rise throughout the year till early November when the prices tapered off and began to decline, thus bringing to an end the fourteen-month-old boom on the Indian Stock Exchanges. The fall was partly due to a natural reaction from the sustained rise which had taken place earlier but it was also to some extent due to investors' fears regarding the future of private industry in India and also the likely recommendations of the report of the Taxation Enquiry Commission. The re-statement of Government's economic policy on the role of the private sector in industrial development had also adverse psychological influence.

FOREIGN TRADE OF INDIA



FOREIGN TRADE OF INDIA

(Merchandise by Sea, Air & Land)

(Rs. crores)

Year	Imports	Exports (Including re-exports)	Balance of Trade
1949 ..	670.80	475.08	—195.72
1950 ..	558.96	561.00	+ 2.04
1951 ..	854.40	783.84	— 70.56
1952 ..	803.16	618.48	—184.68
1953 ..	577.44	531.72	— 45.72
1954* ..	585.96	547.92	— 38.04

* Estimated.

Foreign Trade and Balance of Payments

The value of exports in the first seven months April-October of the current financial year was nearly Rs. 6.05 crores higher than the same period of 1953 but with increasing imports a trade deficit has re-emerged. Total exports in the first eight months were Rs. 369.99 crores while imports were Rs. 407.46 crores, the result being an adverse balance of Rs. 37.47 crores. The mainstay in the export trade continued to be tea, jute goods and cotton textiles while minerals and ores have staged a recovery towards the end of the year and have begun to contribute to the foreign exchange earnings. The higher level of export earnings is due partly to higher prices as in the case of tea and partly to higher volume of trade as in the case of jute and cotton textiles. The outlook for the export trade is reasonably good and exports should remain at a high level. The import of 800,000 tons of rice, wheat and milo from Burma, Australia and the U.S.A. and of nearly 750,000 tons of refined sugar and smaller quantities of raw sugar was an outstanding feature of the year. Moreover the liberalisation of import policy is likely to result in a rise in imports of all commodities in the coming months and a fuller utilisation of Sterling balances is likely to materialise. The balance of payments position, as contrasted with the balance of trade position, is expected to be square or result in a small surplus as against a surplus of Rs. 55 crores in 1953. Sterling balances rose by Rs. 4 crores during the year from Rs. 727 crores on 1st January to Rs. 731 crores on the 31st December, 1954.

Agricultural Production

The progress made in 1954 in the field of agricultural production is highly satisfactory. Our food production which was roughly 46 million tons in 1947-48 showed an increase and in 1953-54 stood at 66 million tons, exceeding the target figure of the Five-Year Plan by 4.4 million tons. In 1951, which was the worst period of our food crisis, we imported about 4.7 million tons which was a little more than 10 per cent of our food production. In 1952, 1953 and 1954 the imports of food grains fell progressively to 3.9 million tons, 2 million tons and 0.8 million tons respectively. In future we may not have to import at all. On the contrary the grain position is so satisfactory that the Government has announced that it would allow 300,000 tons of rice to be exported from India.

The position of industrial raw materials such as cotton, jute and oilseeds has improved. Cotton production has gone up as compared with the 1947 figure by 100 per cent. We have just enough for internal consumption and we may shortly be in a position to export cotton. We are still short of raw jute but we are likely to produce 70 per cent of our requirements this year. As regards oilseeds the production was 5.6 million tons. We have now reached the stage of self-sufficiency and we are in a position to allow exports of moderate quantities of oil and oilseeds.

Industrial Production

In the field of industrial production both the public and private sectors have taken great strides.

Turning to the public sector first, the Sindri Fertiliser Factory, the Chittaranjan Locomotive Works, the Hindusthan Cable Factory, the Hindustan Aircraft Factory, the Telephone Industries and the Hindustan Machine Tools Factory at Bangalore and the Integral Coach Factory, Madras, are some of the large projects which have been undertaken by the State. The Government has also planned to set up two more steel mills. These industrial projects are in addition to the River Valley Projects, the Hydro-Electric Schemes and the Community Projects which have relation to land and social welfare.

In the private sector production of capital and consumer goods has gone up all round. During the last 7 years more than Rs. 500 crores have been invested in new ventures. The production index is now about 150 against 100 in 1946.

There has been an increase in almost every branch of industrial production except the jute industry which depends on the export market and for which the raw material has to be imported to a considerable extent. The growth of the cement industry has been phenomenal as also the production of diesel engines, electric motors, electrical equipment etc. The generation of electricity has grown from 552 million units per month in 1953 to nearly 700 million units per month at the close of 1954. With the additional thermal and hydro-electric power plants coming up the output of electricity, which is a real index of growth of the standard of life, will still further increase.

India is now not only self-sufficient in respect of cloth but is also a great exporter. We are making our own textile machinery and also boilers and locomotives. Half of the rayon requirements will be produced in India before the end of this year.

Ship-building is progressing satisfactorily. We are producing our own automobiles and trucks and in a few years we expect to be able to satisfy all the demand for moderate-sized cars. We have made great progress in respect of production of bicycles and perhaps in a few years all the bicycles needed would be produced in India itself.

In the paper industry we are self-sufficient except in newsprint. In sugar, our capacity is to produce as much as is needed. But in the last two years, due to shortage of sugarcane, we have had to import sugar. This must be treated only as a passing phase.

Our steel production is expanding. In heavy chemicals we have done a lot and have also started producing dyes in collaboration with American and Swiss firms. In heavy engineering too we are making great progress and expect to start very soon making jute mill machinery. We are also planning to produce heavy electrical goods, though we are already producing almost all our needs of small units like fans, motors, &c. Many of the targets as envisaged in our plans have already been achieved or have been exceeded.

Need of Capital

The desire to consume, however, is much more than what is consumed. And yet many industries have reached saturation point. The desire to buy is there, but the wherewithal is absent. The immediate problem, therefore, is to raise the purchasing power of the people so that they can buy more goods which ultimately could be produced and the solution lies in expanding credit in various directions.

Expansion of Credit

In order to expand credit, further steps have been taken recently. Two Development and Finance Corporations are being set up. One of them is sponsored by the Government and it will come into existence very soon. Its object would be not only to help private enterprise to find finance for new projects but also to set up such industries as may not be remunerative in the initial stage and then hand them over to the private enterprise after they have been made to stand on their legs. The second is sponsored by private interests in India, the U.S.A. and the United Kingdom and is assisted by loans from the Government of India and the World Bank. We have made a substantial subscription to the capital of the Corporation and the response to the shares offered for public subscription was also satisfactory. I am confident that the Corporation will be of great help in providing finance for the inauguration of new industries and development of existing industries and that it has a useful and profitable career before it.

There are other fields in which expansion of credit can be undertaken with benefit to the general economy. There is a large deficiency of houses all over the country and the back-log of housing for the middle class urban population is enormous. A well-conceived scheme for financing construction of houses through special institutions like Housing Societies would help in solving this problem. The Housing Societies would be in a position to raise monies on reasonably cheap terms in the form of share capital from their members and from deposits and also through loans from banks and perhaps even from the Reserve Bank of India and

flotation of debentures and thus be in a position to afford facilities on reasonable terms for the middle class population to own houses and pay for them as they earn by instalments spread over a long period.

Another field in which credit can usefully be extended by the existing credit institutions is the financing of the purchase of durable consumer goods on the instalment purchase system. Hire purchase finance here is in operation only to a very small extent in the distribution of automobiles and commercial motor vehicles and a whole new field of hire purchase finance is waiting to be developed. The extension of credit in this field would bring about a substantial increase in the consumption of durable goods with great benefit to the industries concerned.

The Government's goal is a mixed economy in which both the public and private sectors work in co-operation to secure maximum production and full employment. The reconstruction of New India is undoubtedly beyond the capacity of the private sector alone. Private enterprise can do any job more efficiently and with greater speed and greater economy. But the private sector can come into the picture only when it can raise adequate capital. On the other hand, if the capital required is huge and beyond the ability of the private sector to raise it then it is the natural function of the government to step in and take over the development of those sections of economy which are beyond the ability of private enterprise to tackle and which government alone, with its enormous credit and resources, can effectively tackle. Close co-ordination between the private and public sectors should, therefore, be the objective and I am confident that the private sector will do its utmost to extend such co-operation.

We must, therefore, fit ourselves into the task of reconstruction and help the nation with our experience and talent to reach the goal instead of worrying about the means. It is the goal that matters and not the means which scare some unnecessarily. If we do not progress quickly towards the objective, the means must undergo changes.

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Company Meeting

THE AHMEDABAD ELECTRICITY CO., LTD.

A YEAR OF SATISFACTORY PROGRESS

Constitution Amendment May Hamper Electricity Development

Speech of the Chairman, Mr. K. G. Milne

Since I last addressed you, continued representations have been made to Government to effect liberalisation of the Electricity (Supply) Act in essential respects. Principal of these, still, are the needs for enhancement of the Standard Rate of return and provision for Deferred Tax Reserve.

An important step forward recently has been the holding in Delhi last month of the long awaited Inter-State Conference to consider amendments to the Act and allied matters. A delegation from the Federation of Electricity Undertakings of India was then given an opportunity of elaborating the Industry's views on the main problems, and I brought away the feeling that there is general realisation that some measure of relief should be granted to the Industry soon. There are indeed hopes that the Bill to amend the Act may be placed before Parliament by August or earlier.

You may have heard that the Government had a proposal to link the Standard Rate to the Bank Rate with a differential of 2 per cent. With the Bank Rate at present ruling at 3½ per cent, a basic maximum return of only 5½ per cent would thus be permitted, a mere ½ of 1 per cent more than now applies, and the Industry has continued to press the case for a higher differential. In respect of the other major item, the principle of allowing for a Deferred Tax Reserve seems to have had a fairly wide measure of backing at the level of State Governments, and following the debate at the Conference it is understood that the related Ministries at the Centre are now giving consideration to the precise method to be followed.

DEFERRED TAXATION

The serious problem of Deferred Tax in the Electric Supply Industry has also come in for special mention by the Taxation Enquiry Commission. In their report they say: "We consider that the best way out of the difficulty would be to allow the concerns to put into reserve any extra surplus that they get as a tax relief on account of the initial and extra depreciation allowances. We recommend that the Act be amended so as to permit the creation of such a Reserve".

The Union Government's budget proposals for the year 1955-56 and the report of the Taxation Commission are both of great significance to the citizens of the Republic in all walks of life, but I must confine myself here to those aspects of them which appear most immediately significant to concerns such as our own. From this angle the principal change effected in the Finance Bill is the introduction of an allowance, admissible to be set off against taxable income and called a "development rebate". This concession amounts to 25 per cent of the value of all kinds of new plant and machinery and is in place of the 20 per cent initial depreciation allowances which have been available for the last several years.

Now to the Electricity Industry, this development rebate is going to mean something rather different from what it means to other industries. So far as I can see, we will have to pass on at once to our consumers all the benefit of the rebate that others will be able to retain for development. This is just what happened to us in the case of the tax relief resulting from accelerated depreciation allowances, and it just as clearly calls for remedial action, but at least with the rebate we can be thankful that there will not be equivalent deferred taxation to contend with as well.

I hasten to add that the advent of the Development Rebate does not mean that there is no longer any need for Government to make it possible for us to provide a reserve against Deferred Taxation. Quite the contrary; because the incidence of development rebate can only hold off for some time longer the day when our existing back-log of deferred tax liability becomes payable, so now is the very time to be accumulating funds into a reserve against that day.

I should also stress that nothing has changed yet in so far as our special problems about denial of gross ups and/or additional income tax on dividends are concerned. These questions are still as they were when I spoke to you last year, namely working their way through the labrynths of the law courts, and no binding decision has yet come to help us. Our latest taxation position therefore seems to be that while the advent of Development Rebate will stop the further accumulation of Deferred Taxation to a considerable extent, it will not of itself ensure that we shall not have to meet so-called excess dividends tax, or alternatively lose our dividend gross ups.

I am glad to say that this last question has also been carefully considered by the Taxation Enquiry Commission, although the steps by which they propose to solve it have not so far been taken. The Commission says: "The fact that assessable income may be less than the book profits in the year of installation of new machinery and in the next few years, also leads to some difficulties. The company's dividend policy has to be based on book profits. It is possible, however, that on account of the accelerated depreciation allowances the assessable income (less tax thereon) is less than the dividends distributed. The excess dividends will then become liable to additional income tax under the annual Finance Acts. The assessment might even result in a

loss, and if this happens the shareholders will not be entitled to any tax credit in respect of the dividends. These difficulties will cease to exist if the method of taxing companies is revised on the lines suggested in Chapter X".

I can only hope that we will not have to wait very much longer before these difficulties do cease to exist, as they operate as a penalty imposed upon our enterprise in expanding our undertaking.

CONSTITUTION AMENDMENT

I will refer next to the proposals to amend the Constitution, with particular reference to the Electricity Supply Industry. The Constitution (Fourth Amendment) Bill proposes primarily to amend Articles 31 and 31A of the Constitution which deal with the citizen's fundamental right to property. Under the proposed amendment, while compensation would presumably continue to be payable for property compulsorily acquired, the quantum of compensation would, in certain spheres, be a matter entirely within the discretion of the Legislature, and no Court would in those spheres have any jurisdiction to go into the adequacy or reasonableness of the compensation; in short, the issue of compensation in such cases would become non-justiciable. The amendment which is most significant to the Electric Supply Industry is the enabling provision which empowers the Central and State Governments to extinguish or modify any of the rights accruing by virtue of any Licence to supply electric power; and any law covering such modification or variation, if it received the assent of the President, would not be open to question in Court. In introducing this proposal the framers of the Bill appear to me to have given little regard to the nature of the surveillance which the State has long had over the Electric Supply Industry by virtue of two very comprehensive Statutes.

During the debate in the Lok Sabha, while referring the Constitution Amendment Bill to a Joint Select Committee, the Prime Minister stated that full compensation cannot be paid when property has to be acquired for sociological considerations. I personally feel that such considerations can hardly be involved in the acquisition of Electric Supply undertakings, as the method to be followed in the acquisition of such undertakings has for years been elaborately laid down in the Law which has governed, and still governs, the original issue of a Licensee to a Licensee incorporating the terms of his franchise. All relevant considerations have been brought very fully to the attention of the Central Government and of the Joint Select Committee now considering the Bill. Perhaps the Select Committee will agree that the proposal as it stands will detract from the confidence of Investors which has hitherto been inspired by the terms of our Licenses, and that it will thus have deleterious effects upon the future electric development of the country.

An interesting feature of the debate when the Bill was referred to the Select Committe was that the element of the Opposition which abhors the principle of compensation was exceedingly vocal about the property rights of "the small man" being protected. Among the investors in our Industry the number of these "small men" with small holdings is legion. In the ultimate analysis the test of any legislation in the industrial sphere is how far it serves to liberate the springs of honest human endeavour. I would submit that in the case of an Industry such as the Electric Supply Industry, which has so sound a record of service in the past and such ambitious plans of expansion for the future, there is no call for further measures which could engender uncertainty. Even the vast hydro-electric schemes being built and being planned by Governments will have to rely very largely upon Licensees' undertakings for purveying their power.

ELECTRICITY BOARDS

An important development in this State since I last addressed you has been the formation of the State Electricity Board which was constituted on November 6, 1954, and which now comprises four members. We welcome Mr. M. H. H. Premji who is the Chairman, and I may tell you that he has already visited our Power Stations at Sabarmati. There are now four States which have constituted Boards but there still seems to be widespread hostility amongst a number of State Governments to implementing the provisions of the Act in this respect. Credit is due to the Central Government for continuously pressing the States to constitute the Boards. At the Conference in February the Union Minister for Irrigation, Power and Planning, Shri Gulzarilal Nanda, referred to the obvious urgency for rapid development of the Electric Supply Industry and indicated that he attached great importance to the development of electricity being entrusted to autonomous Boards as envisaged in the Electricity (Supply) Act, 1948.

Emerson urged his fellowmen to make no small plans, and your Company has been following this gallant concept in its expansion, in the expectation, of course, that ultimate justice will be done to it. In this context progress with 'C' Station has been most satisfactory, and of the immediate programme only the third Turbo-alternator Set and the fourth Boiler remain to be commissioned very shortly. You will have been able to gather some idea of how we have progressed from the picture on the inner cover of the Annual Report and Accounts. The highest peak demand on combined 'A', 'B' and 'C' Stations has been given as 91,200 KW. during the year under review, but has since risen to 95,600 KW.

With the increase of our generating capacity a commensurate increase of distribution capacity is being effected. There is a growing emphasis on the need for rural electrification. While this Company is doing everything it can, and has already made considerable progress, uneconomic connections cannot be installed without subsidisation by other consumers. It would greatly assist the ends of social justice and the interests of would-be rural consumers themselves if they would get more together and produce to the Company reasonable and economically integrated propositions.

You will remember, indeed are unlikely to have forgotten, that we had proposed to revise our charges for Electric Supply as from April 1954. The increase of rates which we had intended to implement averaged about 15 per cent but our proposals were overtaken by the appointment of a Rating Committee. As the Committee's Report has been published I shall not offer any detailed comment on its findings. There were some basic disagreements between the views of the Committee on the one hand and those, not only of this Company, but of Electricity Undertakings throughout India, on the other. One of the most important points over which we disagreed was the question of the treatment of interest on loans under the provisions of the Sixth Schedule to the Electricity (Supply) Act, and this issue has since been referred to Arbitration. Although our expectation of several months standing has not yet been realized, we are still hoping to get a verdict "any day now".

Government, as you are aware, did not pass any orders on the report of the Committee. Instead we agreed with Government to defer revision of our tariffs for supply. Therefore we urgently need the answers to the several important matters I have already mentioned so that we can reopen the matter. Interest on loans, powers to create a Deferred Taxation Reserve, and increase in the Standard Rate of return, these are the most important points that remain to be settled.

REVISION OF RATES

There is I find a certain amount of confusion about the real significance of the term Standard Rate and the Reasonable Return which we are permitted to earn. The emphasis is on the word "permitted". The mere fact that an undertaking is allowed to earn a certain figure contains no guarantee that it is able to do so. Certainly no undertaking can earn its Reasonable Return nor make provision for its various reserves, if its rates are forced to remain static when changing conditions from time to time require those rates to be enhanced.

There is I find a certain amount of confusion about the real significance of the term Standard Rate and the Reasonable Return which we are permitted to earn. The emphasis is on the word "permitted". The mere fact that an undertaking is allowed to earn a certain figure contains no guarantee that it is able to do so. Certainly no undertaking can earn its Reasonable Return nor make provision for its various reserves, from time to time require those rates to be enhanced.

I have already said that our rates needed revision. Because they were not revised as planned, your Directors have had to withdraw no less than Rs. 8.8 lakhs from free Reserves in order to maintain the same modest dividend this year as last, namely 6½ per cent net.

You will realise that our free Reserves are limited, and that under the stringent provisions of the law they will be hard to replace. Besides we have no adequate buffer against the various tax contingencies mentioned in the Notes on the Balance Sheet. This situation will persist until Government takes cognizance of the difficulties with which the Industry is faced. Capital expenditure needed for development in other industries can be, and indeed is to a substantial extent, met either from net profits or from the accumulated profits of previous years. For us it is not a question of financing capital expansion from Revenue; that is almost out of the question as the law stands. The question is, can we maintain our dividend. I must warn you that unless the various issues I have mentioned are satisfactorily settled in the very near future it may not be possible to maintain the dividend next year at the present figure.

I must also point out to the authorities that to the extent our shareholders' dividend might suffer, the Company's credit in the investment market will decline. Our last issue of Capital of Rs. 1,75,00,000 made in September 1954 was an outstanding success and was heavily oversubscribed. This shows remarkable confidence in the good intentions of our Government, as well as in the intrinsic worth of your Company. I sincerely trust the confidence will prove well founded.

Apart from dealing with the withdrawal of Rs. 8,80,000 from the Equalisation of Dividends Reserve, which I have already done at some length, I should mention the fact that our calculation of Clear Profit for the year once against discloses a substantial shortfall below our figure of Reasonable Return. Otherwise the Accounts together with the notes appended to the Balance Sheet are, I think, sufficiently informative to obviate the need for my dealing with them in detail. Your Directors, after careful consideration, have decided to recommend a Final Dividend of Rs. 4 per share making, as I mentioned earlier, a net 6½ per cent for the year, which is the same as last year.

Quite apart from anything I have had to say on this and other occasions, you are all very well aware of the vast developments at Sabarmati just now coming to fruition. This year, therefore, there is a special feeling of physical achievement. While saying my sincere "Thank you" to the Resident General Manager and his staff, I should like to acknowledge our gratitude also to our Consultants, to our Suppliers, to our Contractors and to all who have contributed towards the building of our Power House, now one of the greatest in the East. We must seek to preserve this pre-eminent position and it is our endeavour to do so by various training schemes for all levels. Your Company must continue to have first class management, the most capable supervision and highly skilled staff. "Training Within Industry" pioneered in India at Ahmedabad and rapidly gaining wide recognition, is intended to improve not only efficiency but mutual understanding. Our trainees sent abroad have started to return to serve with greater skill and wider knowledge. The Cadet Executive Scheme will in years to come prove its full worth. Ahmedabad is already a great industrial city, yet it can become greater. You have many contacts with Industry and Industrialists. I would suggest you to make use of this slogan wherever you have a suitable opportunity—"Have you considered Ahmedabad as the location for your new factory?"

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IMPERIAL BANK OF INDIA

A RECORD OF GROWING STRENGTH

Bank's Nationalisation may Cause Misgivings in Private Sector

Speech of the Chairman, Sir Vithal N. Chandavarkar

The speech delivered by the chairman at the special meeting of Shareholders of the Bank held at Bombay on the 31st March, 1955.

Gentlemen,

This Special Meeting of the Shareholders of the Bank has been convened for the purpose of considering the Government's decision to assume effective control over the Imperial Bank of India and particularly to consider its repercussions on the Shareholders.

It is, I think, appropriate that I should first of all briefly sketch the origin of the Imperial Bank of India and the progress made by this great Institution since the date of its inception.

EARLY HISTORY

As you are aware, the Imperial Bank was formed in 1921 by the amalgamation of the Bank of Bengal established in 1806, the Bank of Bombay established in 1840 and the Bank of Madras established in 1843. At the time of the amalgamation, an agreement was entered into with the Government of India whereunder the Imperial Bank agreed to open 100 new branches within 5 years of its inception. This agreement was duly implemented, and by 1926 the number of the Bank's offices had increased from 63 to 184. With the completion of this programme, our statutory obligation in the matter of opening new branches was fulfilled. We continued however to explore the feasibility of extending our oganisation still further and, apart from a slight setback caused by the necessity of closing certain of our branches in Pakistan following partition, our network of offices has steadily expanded through the years and today we have a total of 472 offices offering banking facilities to the public in India, Pakistan, Burma, Ceylon and the United Kingdom.

One of the objectives at the time of the amalgamation was the training of Indians to fill the senior supervising posts in the Bank which were then largely occupied by Europeans. I do not propose to dwell on this aspect of the matter except to say that as compared with a peak figure of 312 European Officers in the 1920's, the total number of European Officers in India, Pakistan, Burma and Ceylon is now only 16 of which it is anticipated that at least 6 will have retired before the end of the current year.

Viewed in its historic aspect, the Imperial Bank were originally bankers to the Government of India but, with the establishment of the Reserve Bank of India in 1935, we ceased to act in that capacity although we were appointed as agents of the Reserve Bank for the transaction of Government business at centres at which the Reserve Bank did not maintain its banking offices. Simultaneously, important amendments were made to the constitution of the Imperial Bank. These amendments converted the Imperial Bank from the status it had held and enjoyed as the central bank of the country to that of a commercial bank and for the first time the Bank was permitted to deal freely in foreign exchange. We have taken advantage of the removal of the earlier restrictions on our business in this field and today the Bank operates in practically all foreign currencies. Also in 1935, our Act was amended to permit of our undertaking Executor and Trustee business and departments to handle such business were accordingly established at our principal offices. These departments have steadily expanded and a very considerable volume of Executor and Trustee business is now being transacted by us.

Amongst other changes introduced at the same time, the right of Government to appoint Managing Governors of the Bank, not exceeding two in number, was abrogated and the power of Government to issue instructions to the Bank in respect of matters affecting Government's financial policy was also dropped. It is therefore apparent that, consequent on the establishment of the Reserve Bank, Government's policy was to convert the Imperial Bank into a commercial bank enjoying no advantages as against other commercial banks in the country except that the Imperial Bank was to act as agents for the Reserve Bank in centres where the Reserve Bank had no branches.

I would now like to refer to the growing strength of the Bank as revealed by our published Accounts. For this purpose, I propose to draw comparisons between the figures appearing in our Balance-sheets dated the 31st December, 1921 and the 31st December, 1954 respectively.

Taking first the liabilities side of the Balance-sheet our published Reserve Fund has grown from Rs. 4,01,79,000 in 1921 to Rs. 6,35,00,000 in 1954 whilst our total deposits as at the above dates were Rs. 72½ crores and Rs. 231½ crores respectively. On the assets side, Investments which at the end of December 1921 stood in the neighbourhood of Rs. 12½ crores had expanded by the end of 1954 to Rs. 108¾ crores whilst the corresponding figures for our advances are Rs. 54 crores and Rs. 102 crores respectively.

From the comparative figures and other details, I have given, you will agree that the Bank's record over the past 34 years has been an impressive one and that

shareholders, directors and staff can legitimately look back with pride on the position which the Bank now occupies not only in the economy of the country but also in the sphere of international banking.

As you know, your Board have at all times adopted a prudent and conservative policy in regard to the dividend, which remained stationary at 16 per cent from 1921 until June 1931 when, as a result of a severe and worldwide depression in trade and a precipitous drop in the market quotations for Government Securities, it was found necessary to reduce the dividend to 12 per cent per annum. Subsequently, the rate was raised to 14 per cent in 1945 and the original dividend of 16 per cent was restored in full in June 1950.

A MOOT CASE

Turning now to the Press Note dated 20th December 1954, (a copy of which is in your hands) announcing Government's decision to accept in principle the assumption of effective State control on the Imperial Bank of India, it is necessary to recapitulate briefly the history of the move on the part of Government to nationalize the Bank. As shareholders are aware, the question of nationalisation was first raised in Parliament in February 1948 when the late Sir Shanmukham Chetty, the then Finance Minister, made the statement that has been referrd to in the Press Note. The Bank's case against such a measure was contained in our Memorandum dated 31st March, 1948 and a copy of the resolution passed by the Board in this connection was duly communicated to Government. A copy of the Memorandum was circulated to shareholders with the proceedings of the Annual General Meeting of 23rd August, 1948. Subsequently various discussions were held between the Board and the Government representatives and we were able to convince Government that criticisms levelled against the Bank were unfounded and that nationalisation was not only unnecessary but positively harmful to the interests of the Bank and the country. In this connection, it would be appropriate to recall the speeches delivered by two different Finance Ministers on occasions when the Bank's affairs were discussed in Parliament. On the 20th March, 1950, Dr. John Matthai said:

> "I am naturally reluctant to undertake this radical change at present for this reason that at present our monetary and credit structure is in a very unsettled condition. I said some hard things about the Imperial Bank in my reply to the debate on the Banking Companies Bill but in fairness to the Imperial Bank I must bring to the notice of the House my own experience last year. We were faced in the course of 1949 with a very acute crisis with regard to certain banks in the country. It gave me a very anxious fortnight and in the end what enabled me to find the assistance required for stopping the run that had taken place in respect of certain banks, was the prompt assistance that I was able to secure through the Reserve Bank from the Imperial Bank of India.
>
> "The Imperial Bank today stands as the most important joint stock bank in the country. The banking and credit structure of today is in an unsettled position because the financial situation in the country itself is in such an unsettled condition. Therefore, while that is the position, it will be a very unwise step to attempt any big, radical changes at present. Personally I think that it would be in the interests of the country to postpone for a while this question of nationalisation of the Imperial Bank."

Speaking in Parliament on the 22nd November, 1950, Sir Chintaman Deshmukh said that he was in complete agreement with the view expressed by Dr. John Matthai and that it was not in the best economic interests of the country to attempt any such measure. He also stated—

> "I believe that quite a substantial portion of the shareholding in the Imperial Bank is now owned by Indians and the process of the nationalisation of the staff is going on apace and in a few years' time we have reason to believe that there would be hardly any non-Indian officers left. I think it is a very fine instrument of banking, technically considered, and it is going to be amenable to our control as the years pass by. It seems prejudicial to our own interests to take any hasty action which will impair the use of that instrument. In the banking system of the country I think the Imperial Bank forms the back-bone and it is in our interests to see that nothing is done to impair the value of that leavening in our present banking system, especially as we are making attemps to see that banking is consolidated on sound lines with the help of the new Banking Act."

Further, in December 1953, when the Reserve Bank of India (Amendment and Miscellaneous Provisions) Bill was being discussed in Parliament, Mr A. C. Guha, Deputy Minister of Finance, refuted the three main arguments which had been adduced in favour of nationalisation of the Imperial Bank as follows: firstly most of the personnel were Indians and the Managing Director was also an Indian; secondly there was no discrimination whatever in sanctioning advances as was vouched for by the Government Nominated Director on the Central Board; and thirdly, other banks enjoyed the same facilities as the Imperial Bank for transfer of funds etc. The Deputy Minister concluded by pointing out that about 70 per cent of the Bank's capital was in Indian hands and that Indians formed the majority on the various Boards of the Bank.

It is clear from these statements that Government had no longer any criticism to make against the Bank either in regard to the policy followed or the manner in which the Bank's affairs were conducted. It came therefore as a complete surprise to your Board when they were made aware of Government's present intentions by the Press Note of the 20th December, 1954. This Press Note which was based on the Report of the Committee of Direction of the All India Rural Credit Survey was the first intimation your Board received on the subject and it is a matter of great regret that no prior reference whatsoever had been made to them in regard to a scheme with such far-reaching consequences for the Bank, in spite of assurances given in the past that the Board would be given an opportunity of expressing their views before action is taken on any proposals which might affect the Bank.

As it is, under the proposals contained in the Report of the Committee of Direction of the All India Rural Credit Survey, the Imperial Bank would cease to function as an institution in the Private Sector. The Report also provides for the setting up of a State Bank of India. A study of the questionnaire of the Committee of Direction does not indicate even remotely that the Committee's enquiries would extend to an investigation of the future status and constitution of the Imperial Bank let alone the submission of proposals involving radical changes is the Bank's constitution.

STARTLING DECISION

As you are no doubt aware, the Imperial Bank is the largest Indian joint stock bank providing full banking facilities to the Private Sector and while the needs of capital formation and the provision of short-term credit facilities to that Sector have been stressed over and over again, Government's decision at one stroke to assume effective control over the Bank can only cause serious misgivings regarding the future of the Private

Sector in the country. The decision is all the more startling because in its several references to the Imperial Bank the Committee of Direction has nowhere found that this Bank has failed in the performance of its duties. On the contrary, the Report appears to suggest that as the Bank is so efficiently managed and has so many branches throughout the country it affords an ideal nucleus for the formation of a State Bank.

The conversion of the Imperial Bank into a State Bank of India is claimed to be justified on the ground of the need for providing credit facilities in rural areas and for developing co-operative banking. But it is difficult to see what justification there can be for an institution primarily engaged in commercial banking to be merged into a system of co-operative banking for the purpose of revitalising the latter or for expanding rural credit at the possible expense of commercial banking. From a perusal of the data provided by the Committee of Direction, a case may be made out for the creation of a separate State-assisted bank to provide agricultural credit and to assist co-operative banking, but your Board are unable to see why the entire status of the Imperial Bank should be changed for the purpose of achieving this object.

Reverting now to the Press Note of the 20th December, 1954, I will now endeavour to outline the steps which have been taken by your Board to protect the interests of shareholders and the staff. A special Meeting of the Bank's Central Board was held in Bombay on the 4th January, 1955 at which Government's announcement was fully considered and it was decided 'inter alia' (1) to protest against Government's decision to accept in principle the assumption of effective State Control on the Imperial Bank of India without giving any opportunity to the Bank to express its views thereon and (2) to appoint a Committee of Directors of the Central Board including the Managing Director to interview the Reserve Bank Authorities for the purpose of carrying on discussions with regard to the implementation of Government's decision in such manner that the interests of the shareholders, including those pertaining to the basis of compensation for the acquisition of shares, are properly safeguarded.

The Committee met the Governor of the Reserve Bank of India on the 6th January and urged (a) that, while compensation to shareholders should be based on the market value of the shares, the period in respect of which the market quotations should apply should cover a period prior to February 1948, when the shares had a higher value inasmuch as the subsequent decline in the market quotation was largely due to nationalisation rumours engendered by Government's policy as declared at that time (b) that every shareholder should be given an option to sell his share to the Government or the Reserve Bank at the value fixed by Government, (c) that such part of the compensation as is not paid in cash should be paid in short-dated Government bonds redeemable within a period of 3 to 5 years and (d) that such securities should be issued on terms which will give a yield approximately equivalent to the dividend that shareholders have been receiving from the Bank, after taking into account the fact that such dividend has always been free of income-tax. It was also urged by the Committee that it was essential to remove any misgivings or apprehensions on the part of the Bank's executives and the staff and that a declaration should be contained in the proposed State Bank of India Act providing that the members of our staff will hold their appointments in the reconstituted Bank on the same terms as to tenure, terms of service, pension and gratuity as hitherto existing.

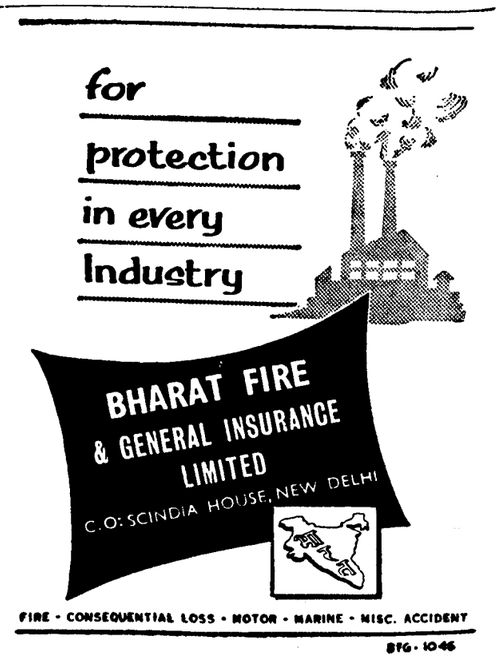
The above submissions of the Committee were approved by the Central Board at their Meeting held in Calcutta on the 17th January, 1955. The Central Board further resolved that a letter be addressed to the Hon'ble Finance Minister, with a copy to the Governor of the Reserve Bank, requesting the Finance Minister to afford the Central Board an opportunity to make their further representations on the recommendations of the Central Board of the Reserve Bank of India to Government before Government take any action thereon and for this purpose the Governor of the Reserve Bank be requested to furnish the Central Board of this Bank with a copy of such recommendations. The resolution was duly communicated by us to Government and the Reserve Bank.

Since then, we understand that the Central Board of the Reserve Bank of India have considered the details of the arrangements in regard to the assumption of effective control over the Bank. We are not aware of the nature of the proposals formulated by the Reserve Bank and, in reply to our request to let us have a copy of these, Government have informed us that they have not yet been received and that in any event they would be confidential.

GLORIOUS CHARTER

In conclusion, it is difficult for me to say whether this is the last occasion on which the shareholders of the Imperial Bank of India will assemble or whether a final Annual General Meeting will take place in August this year. This will be dependent on how soon Government assume effective control over the Bank. Be that as it may, I cannot allow this opportunity to pass without saying that a glorious chapter in the life of this Bank is now coming to a close. We as a Board take legitimate pride in having been closely associated with this great institution, this "very fine instrument of banking" as Sir Chintaman Deshmukh called it, and it is with a heavy heart that we feel that the time is drawing near for us to part. On behalf of the Directors and on my own behalf, I wish to express our grateful thanks to the shareholders, the staff and all concerned for the co-operation and goodwill they have always shown us which have rendered our duties pleasant to perform and which have largely contributed to such measure of success as we have been able to achieve.

I now invite shareholders to express their views on Government's decision to assume effective control over the Imperial Bank of India and particularly to consider its repercussions on the Shareholders.



AVERAGE ANNUAL EARNINGS OF FACTORY WORKERS FOR 1953 BY STATE & INDUSTRY

Industry	Andhra	Assam	Bihar	Bombay	Madhya Pradesh	Madras	Orissa
1 Textiles	825.1	567.3	726.9	1393.3	987.7	863.4	1034.1
2 Footwear and other wearing apparel etc..	550.6	—	1512.6	1054.2	—	625.9	—
3 Wood and cork except furniture ..	372.4	667.0	493.2	775.7	559.6	803.8	568.5
4 Furniture and fixtures ..	552.2	—	1056.2	1058.0	496.4	601.3	—
5 Paper and paper products ..	510.2	—	1126.1	932.8	832.5	265.7	1158.4
6 Printing, publishing and allied industries	516.4	907.5	810.4	1217.8	654.4	1048.9	833.2
7 Leather and leather products ..	512.5	—	2000.9	923.5	301.7	914.8	264.8
8 Rubber and rubber products ..	—	—	—	1384.6	546.0	797.7	—
9 Chemical and chemical products ..	441.0	1344.2	1158.9	1289.4	326.6	637.1	291.0
10 Products of petroleum and coal ..	769.5	1961.1	1152.5	119.6	1032.7	1475.0	—
11 Non-metallic mineral products ..	601.2	783.4	774.4	818 4	688.5	1184.7	601.9
12 Basic metal industries ..	717.4	—	2724.8	1055.0	745.8	834.5	556.8
13 Manufacture of metal products ..	465.1	597.9	1448.5	1173.4	597.9	705.0	1425.5
14 Machinery (except electrical machinery)	532.1	1377.4	1241.2	1165.0	691.7	791.2	548.2
15 Electrical machinery apparatus etc.. ..	774.3	—	—	1401.8	1224.1	556.6	—
16 Transport and transport equipment ..	1,203.8	1357.2	889.6	1605.9	896.3	612.5	586.2
17 Miscellaneous Industries ..	428.7	517.4	565.7	1242.5	507.9	615.9	706.9
18 Electricity, gas and steam ..	2020.5	1209.6	1095.7	1662.0	1249.8	1458.7	719.2
19 Water and sanitary services ..	748.7	1171.8	1092.6	708.5	858.3	770.0	—
20 Recreation services	—	—	—	979.3	—	889.9	—
21 Personal services	274.0	—	559.5	980.9	—	316.4	482.8
1—21	714.5	1265.1	1474.2	1346.4	898.0	804.7	88.8

Industry	Punjab	Uttar Pradesh	West Bengal	Ajmer	Delhi	Coorg	All States 1953	All States 1954
1 Textiles	834.8	1089.6	895.5	588.2	1435.4	—	1116.1	1122.0
2 Footwear and other wearing apparel etc ,	1313.3	1022.3	1022.6	—	882.0	—	1038.3	1122.0
3 Wood and cork except furniture ..	871.8	825.0	648.3	—	961.3	—	717.0	667.7
4 Furniture and Fixtures ..	762.6	887.4	826.6	—	1089.2	—	883.2	834,4
5 Paper and paper products ..	1119.3	1375.6	923.6	—	740.1	—	998.5	1019.3
6 Printing, publishing and allied industries	1387.4	1037.9	1232.6	550.7	1516.9	—	1123.4	1155.8
7 Leather and leather products ..	—	846.2	654.7	—	849.8	—	879.1	718.9
8 Rubber and rubber products ..	554.6	592.4	1510.2	—	1126.2	534.7	1431.9	1339.6
9 Chemical and chemical products ..	567.9	903.6	1071.3	1053.2	962.8	—	1036.2	974.2
10 Products of petroleum and coal ..	895.3	—	1299.2	—	1538.1	—	1407.8	1156.7
11 Non-metallic mineral products ..	607.6	795.7	849.4	—	807.5	478.2	824.2	695.9
12 Basic metal industries ..	818.4	781.5	1108.9	635.4	941.7	—	1711.1	1532.7
13 Manufacture of metal products ..	834.6	458.7	941.7	295.2	829.6	—	942.5	991.2
14 Machinery (except electrical machinery)	889.6	750.3	1102.9	71.7	976.4	—	1032.1	1030.3
15 Electrical machinery appartus etc., ..	857.3	—	1334.8	—	1382.8	—	1309.1	1296.4
16 Transport and transport equipment ..	1047.1	939.9	1244.4	1477.7	1868.2	—	1164.2	1670.9
17 Miscellaneous industries ..	890.9	1133.3	1222.2	754.9	891.6	—	1074.1	885.3
18 Electricity, gas and steam ..	1033.2	1375.9	1351.6	1453.1	1783.1	—	1412.8	1300.2
19 Water and sanitary services ..	576.2	1052.0	850.2	—	1336.7	—	898.7	973.3
20 Recreation services	—	—	654.2	—	—	—	919.7	968.8
21 Personal services	—	—	821.8	—	967.2	—	337.2	327.5
1—21	893.9	1019.6	963.5	603.9	1311.6	513.5	1108.5	1112.2

Source: Indian Labour Gazette.

TOTAL EARNINGS OF FACTORY WORKERS

(Rs. in thousand)

STATES	1947	1948	1949	1950	1951	1952	1953
Assam	13,660	17,022	18,768	21,271	23,549	28,437	27,818
Andhra	—	—	—	—	—	—	38,255
Bihar	82,920	106,275	123,080	135,102	166,092	160,5[illegible]	[illegible]7,442
Bombay	591,839	713,024	846,271	765,325	799,117*	846,862	[illegible]922
Madhya Pradesh	42,714	47,040	61,061	62,857	59,197	51,832	55,695
Madras	123,439	136,153	180,039	185,295	200,713	250,851	182,830†
Orissa	3,027	4,449	4,551	4,988	8,786	11,805	12,678
Punjab	14,424	20,282	26,703	34,637	36,812*	40,131	39,731
Uttar Pradesh	133,432	174,362	198,685	190,264	167,796	164,524	172,151
West Bengal	337,875	432,025	489,577	480,941	533,408	535,361	505,450
PART A STATES	1,343,360	1,650,592	1,948,738	1,880,681	1,995,374	2,089,393	2,018,542
Ajmer	3,186	3,971	3,600	4,776	4,946	4,946	4,309
Coorg	15	11	15	76	111	133	183
Delhi	26,078	36,426	41,454	42,270	55,336	[illegible]	47,471
PART C STATES	29,279	40,408	44,769	47,122	60,393	53,456	51,963
ALL STATES	1,372,639	[illegible]000	1,993,507	1,927,803	2,055,767	2,143,849	2064,935

* Excluding figures for defence installations.

† Excluding Andhra figures.

AVERAGE ANNUAL EARNINGS OF FACTORY WORKERS DRAWING LESS THAN Rs. 200 P.M.

STATES	1947	1948	1949	1950	1951	1952	1953*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Andhra	—	—	—	—	—	—	714.5
Assam	755.5	795.8	942.8	1,018.6	1,017.9	1,086.5	1,265.1
Bihar	879.8	946.2	983.9	1,059.1	1,241.5	1,422.7	1,474.2
Bombay	977.9	1141.9	1,210.1	1,170.3	1,270.5	1,338.8	1,346.4
Madhya Pradesh	572.3	609.2	841.9	936.8	862.0	876.8	898.9
Madras	560.3	611.8	726.6	591.2	664.9	837.8	804[illegible]
Orissa	493.6	612.6	527.0	680.6		847.2	880.8
Punjab	628.2	675.9	858.7	771.3	756.0	806.4	890.9
Uttar Pradesh	672.8	887.1	903.0	933.0	960.4	1,002.9	1,010.6
West Bengal	567.7	723.9	830.0	877.5	942.3	987.7	963.5
PART A STATES	702.4	881.2	986.3	965.8	1,030.7	1,109.1	1,106.2
Ajmer	445.3	527.2	552.0	660.0	694.2	702.0	603.9
Delhi	877.7	1047.3	1,028.4	1,061.6	1,292.6	1,340.5	1,311.6
PART C STATES	733.7	961.5	983.4	1,003.9	1,211.8	1,239.9	1,198.8
ALL STATES	737.0	889.7	985.9	966.8	1,035 6	1112.2	1,108.5

* Liable to minor revisions.

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.)

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The Eastern Economist

VOL. XXIV. NO. 15. NEW DELHI: APRIL 15, 1955. ONE RUPEE

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Hammer on the Anvil

THE hammer, after repeated angry strokes on the anvil, accomplished its flattening end in the Lok Sabha on Tuesday. The Constitution (Fourth Amendment) Bill as revised by the Joint Select Committee has now become, so far as the Lok Sabha is concerned, a portion of the Indian Constitution. There is no need to doubt the fact that, with the Congress Ministry virtually unassailable, this act had the full support of the great majority of the Lok Sabha and conceivably it has the support of the great majority in the country. But precisely because its victory was so certain, no one should be happy about the manner—arrogant and impatient—in which it was rushed through the Select Committee and then on to the Statute Book. Even great inroads into the democratic principle of the Rule of Law should be made in a fitting democratic manner. Again, while no one will question the need of the acceptance of a majority verdict, one can, whilst accepting the result, deplore exceedingly at least two totalitarian steps taken in this enactment. The first of these was to recast drastically the Bill which went to the Joint Select Committee to

make it more fearful without any justification, unless it was to meet Communist pressure. Secondly, the manner in which the Bill was driven through the House with a summary guillotine which should have had no place in a constitutional amendment, can gain us no prestige in the Free World. The Government was determined not to accept any amendment, constructive or otherwise. This is the more surprising because from the Prime Minister's speech, on reintroduction of the Bill after its passage through the Joint Select Committee, it was obvious that the spirit of his intentions was very different from the letter of the Bill he had chosen to sponsor.

In a Bill the main purpose of which is to make compensation arbitrary, depending entirely on the will of the Legislature, the Prime Minister said:

"I am always surprised that a proposal is made repeatedly that foreign capital should be confiscated or expropriated. I cannot imagine anything which is more unrealistic than this. It has no relation to reality. I am quite certain that the Soviet Union will never do it (expropriation) in regard to any foreign capital that may be there. Because it affects international relations. No country wants to break up its international relations, its credit in the world, in order to save some money, a few crores or some millions. It is not done in international society, except during a huge commotion." If this is so, why has the Government sought to give the Legislature at its discretion just these powers? Again, the Prime Minister declared that the proposition that some opposition members had made about acquisition or confiscation without compensation seemed to him "to be basically wrong from the point of view of the public good. It might be different if a person misbehaved, but normally speaking, nothing should be acquired except on payment of just compensation." If this is in fact the Prime Minister's view that just compensation should be given, what was the objection to the introduction of these words 'fair and just compensation' when acquisition was proposed?

It is precisely because the Legislature cannot always be trusted to hold the Prime Minister's views in this case that many critics of this Bill have sought the protection of the judiciary. If, however, it is believed that the jurisdiction of the judiciary restricts, for whatever reason, the supremacy of the Legislature, surely there should be no objection, whilst barring the jurisdiction of the Courts, to add these words "fair and just" in describing compensation. If necessary, the words "fair and just" could have been suitably defined to give effect in the Act to what the Prime Minister has in mind. But this course has not been followed. The Prime Minister gives assurances in words which he declines to incorporate in print.

Nevertheless, and in spite of the fact that the Prime Minister's speech on this occasion was a curious contradiction of the Bill he was presenting, it would be foolish to deny that it has provided just the assurances that the industrial and commercial sections of the community require. At least so long as the Prime Minister is at the helm of affairs, this declaration of policy cannot be evaded. And thus at the very moment when it looked as if property rights were being invaded more severely than ever, they were being guaranteed more specifically than ever before. The only silver lining to the cloud is this clear statement of the Government of India's intentions which, it is believed, will also bind State Governments.

This strange device by which the Government of India puts down drastic legislation on the Statute Book and then gives assurances that it will not exercise powers which it has taken may be a clever political exercise. It gives the impression that the Congress party is in fact a revolutionary party when it has determined to be conservative. And thus the party really has the best of both worlds. To those who demand drastic action, it can always indicate the fearful character of its legislation. To those who demand stability, it can always present the staid character of its performance. It is curious how readily both sections are willing to accept what they consider good in Congress administration. The Praja-Socialist party has been practically driven off the political rails by the adoption of the slogan "socialistic pattern of society" in place of Praja-Socialist Socialism. The business community has been kept not merely content but largely optimistic by the recognition of "realism" in Congress policy and by the expanding market which is essentially the work of Government development expenditure. In other words, the political strategy of the Congress party seems well adapted to deal with both sides of the political equation.

It would be foolish to deny that these incompatible ends have been ridden fairly skilfully by the Prime Minister in recent years. In particular, the Industrial (Development and Regulation) Act has not been invoked so as to deter commercial enterprise and the extraordinary manner in which industrial production in the year 1954 rose is evidence, if evidence were required, that commercial activity in India was not impeded in that year. What might be asserted is that recently legislation has tended to reduce optimism; but no one need contend that optimism has been abolished and rising profits indicated in balance-sheets for 1954 will, perhaps, be as convincing as ever in inducing expansion in the coming years.

Thus, while there is cause for concern at the manner and in part against the matter of the Constitution (Fourth Amendment) Bill, there need be no weeping and gnashing of teeth. The political situation against which commercial incentives operate in India is unhappily not yet a stable one. From time to time the politicians feel they must offer some sacrifice at the altar of social justice. Certain income groups have been offered as a sacrifice in the Budget for 1955-56. But the more they are examined, the more these gestures leave the impression that they are only token sacrifices to revolutionary change. Fundamentally, the Government has a keen sense of human nature and will not allow the property sense or the acquisitive instinct to be seriously hurt. This is, perhaps, the best that can be said of current economic policy.

The proof of economic policy is to be found in its results, as the proof of the pudding is in the eating. The fact that India in 1954 attained a rate of rise in organised industrial production of something like 25 per cent in twelve months—which is believed to be an all-world and all-time record—suggests that there cannot be within this system the disorder that fearful critics believe that it must contain. The ship is sailing well and there is no doubt, at least about the captain on the bridge, that the assurances that he gave this week can be accepted with confidence and warmth.

Succession in British Politics

IN paying warm and unqualified tributes to Sir Winston Churchill on his retirement this month, the leading men of the world were deeply conscious of the notable part he had played in the last war in the victory against the dark forces of Fascism. But for those five years of bold leadership, Sir Winston, in spite of all his high qualities, might have been known only as one of several prominent figures in British politics. During the ten years before he took over reins of office in 1940, he had been in political wilderness and despite his earlier record in the Navy, Army, Air Force and Munitions and as Chancellor of the Exchequer, he seemed destined to have a backplace in British public life. It was, however, a period of preparation, through constant study and a critical and fearless opposition to all the wrong policies which led to the great crisis. Sir Winston had always been known to be splendid in war and in organising military preparations, but when he took over the conduct of the war in 1940, he knew by heart the political ideals for which the war had to be fought and therefore the farthest limits to which he and the allies had to go to win it. It was his unfaltering conviction that ruled out compromises midway through the war which might have been possible if he had been less resolute about the ultimate objective.

Sir Winston was in those years the free world's Man of Destiny and it is this which free men everywhere have reminded themselves of on this occasion. When the call came in the grim days of 1940, he could truthfully claim "I felt as if I were walking with destiny and that all my past life had been but a preparation for this hour and for this trial." This consciousness of his own role is characteristic of the man. It is a characteristic which most heroes in history have possessed before, for without such strong conviction (which to contemporaries often seems to be sheer conceit) few leaders can achieve the daring deeds demanded of such men during a great struggle. But what was even more remarkable at this time than this timely leadership was the nature of the political system in Britain, which made possible such a succession. It was a system in which several men of outstanding ability were kept around without all being roped into office and in which intelligent and industrious men could keep actively in touch with public affairs without developing a sense of frustration for want of office.

This characteristic of the British political system was not the result of any constitutional formality but entirely a consequence of the accepted codes of political conduct. It was due mainly to the respect accorded to impartial and independent opinion and to the fearless critic. Such respect is often sufficient reward in itself for many talented men. When such criticism was vindicated in the event—as Churchill's strident tones of condemnation of unpreparedness in the inter-war years were—the man suited to the occasion was readily found to serve the British nation, and through it, a wider commonalty. In more peaceful times, however, succession became an easier matter of having a corps of men well-groomed for various roles, as Sir Anthony Eden's promotion now indicates.

The value of these political mechanisms is too apt to be overlooked in this century of the Common Man, when notions of equality can often be readily invoked to make political parties a matter of counting of heads, or to assume that distinctions between mediocrity and talent have ceased to matter. The British political system—which is the home of the party system and is its best working model—has evolved to the point at which it has acquired built-in stabilisers which rule out the uncertainty which everywhere else causes so much disquiet. The convention by which the opposition is always ready to keep in touch and to take over, —and maintain even a "shadow cabinet"—is one such stabiliser. And within the respective political parties, especially the Conservative party, there are leaders of second rank in some rough order of priority who are in reserve for all occasions requiring changes depending on the foremost needs of the hour. Mr. Bevan's position in the Labour party at the moment may seem somewhat strange in relation to his importance and the constant censures he has received, but there is, indeed, some similarity even in this to Mr. Churchill's role before the war as an uncompromising critic of his party's failures.

It is thus that the succession to the British Prime Ministership has now proved on the surface to be a simple transfer of power from one leader to another who was second in rank. There have been rare occasions when the personal discretion of the British monarch had to be used to choose a successor. It was one of those judgments which prevented Lord Curzon succeeding Mr. Bonar Law as Prime Minister, for he would have had to function in the Upper House where the Labour opposition had no representation. Though Sir Anthony Eden has not now been elected leader of the Conservative party—just as Churchill was not when he first became Premier—it was a clear case in which no doubt has been felt about his ability to command a majority in Parliament. This is a distinction which he has earned by his ability and long experience of high-level diplomacy, the crowning success of which was achieved at Geneva last year.

Such long experience and such smooth succession would have been difficult if Sir Anthony Eden's resignation from the Chamberlain Cabinet had settled his career for ever as it often does in other democracies. In India, the experience has been unhappily so and resignation has often involved political retirement. This prevents the constant association of persons with talent and the qualities of political leadership with the activities of the government which is essential to the stability of the party system. Such participation can never be practicable if the leadership of any party insists on complete identity of views or of outlook on current issues. In such insistence, the virtues which often go with non-conformity are too easily lost. Any changeover in such conditions necessarily becomes more complex, requiring greater readjustments, personal and ideological, than are normally necessary.

The growth of a sufficient body of second rank leadership is essentially a matter of freedom of opinion permitted within the framework of the political group. The moral is that men of ability will not be sustained by too much restraint, even when the leadership is forceful. It was one of the great qualities of Sir Winston that he did not, merely because of his towering personality, dwarf those around him into insignificance. Though he was a Titan whose supremacy was unquestioned during the War, he did not attempt to use Parliament or party as a rubber-stamp for his decisions. Thereby he strengthened the political function of democracy just as saved it from the totalitarian attack.

Indo-British Collaboration

TWO British Missions, one concerned with steel and the other with cotton textiles, are now on tour in India. They both signify, each in different way, failures in the past to be mindful of the areas of Indo-British economic co-operation and of the possibilities of widening them. In the matter of steel, Indian aspirations for expansion of steel capacity were first expressed in 1948 when the reports of the three foreign technical consultants focussed attention on this matter. Either then, or later when British interest in the Colombo Plan had become active, an offer of collaboration in steel manufacture in India would have been a welcome gesture. British industry was in a position to make it because of its earlier ties with this country. But it was still engaged in its own rehabilitation at home. Moreover, the mood of those times was largely conditioned by the outlook of the Steel Division of the E.C.E. which in 1949 had warned that a steel surplus in Europe would synchronise with increased steel capacity in the traditional markets for European products. There was, however, no time to correct these errors during the rearmament phase which followed the Korean war. Thus Britain lost the initiative in this matter first to the German and next to the Soviet steel-builders. Now at last both Government and industry in Britain have awakened to a sense of urgency. They have been able to show an earnestness and promptitude which is reflected in the composition of the delegation and its business-like approach to the problem on hand.

The scope of Indo-British negotiations on steel manufacture has been greatly narrowed down at this stage. Two precedents have been set up, by the agreements with the Krupps-Demag Combine and with the U.S.S.R., which would provide the models from which it would be difficult to deviate substantially, except for very special reasons. The negotiations with the British Mission will be virtually concerned with private interests though the Mission is itself being sponsored under the Technical Co-operation Scheme of the Colombo Plan at the request of the Government of India, with an obligation to report only to the latter. The Mission's becoming part of the Colombo Plan under which India has already received various kinds of aid may make some difference in India's favour in the matter of utilisation of technical consultancy services for the project, which were on a commercial basis under the earlier agreements. The position of the British Mission is thus slightly different in character; it is neither purely private like the German, nor purely official like the Soviet delegation. An element of variety has thus been provided in the manner of India's collaboration with foreign countries in steel development.

An expeditious understanding has to be reached on this issue. Even with the proposed expansion of the Rourkela Plant to a million tons and with the Soviet plant, there will remain a deficiency of 1.3 million ingot tons in the country's total estimated requirements by 1960 (of about six million ingot tons). The British Steel Mission cannot fail to realise that it must make up for past indifference. The British steel industry is in a position to offer quick assistance now when it has attained an annual output of 18.5 million tons which is expected to be increased to 22.5 million tons by 1958, with a growing dependence on the export market for metal goods. There are thus important considerations for not letting any matters of detail stand in the way of an agreement being reached. Indeed, there are not many such obstacles in sight. It seems probable that the British Metallurgical Equipment Export Company, which is expected to respond to the Government of India's call for tenders on a global basis, will be supplying equipment roughly of the same value as the U.S.S.R., but that some difference may exist in the rates of interest charged on purely commercial considerations compared to the specially low rate which the U.S.S.R. has agreed to take. This, in any case, is not an issue which should involve the project being delayed or dropped, especially when there is likely to be very little disagreement or controversy about all the other aspects like the site of location, the manufacturing process or the types of products or about the political implications of such collaboration.

The British metallurgical industry must take a long-term view of its interest in concluding the deal on steel with India. The rate of India's economic development would make larger and larger imports of steel and engineering goods necessary for the supply of which there is a growing volume of competition in the world markets while there are not many underdeveloped countries which are in a position to absorb steel and the relatively more complex British engineering tools. It is India's pace of economic progress, coupled with the economic recovery of European countries, that has altered in the last six years the perspectives about future relations of these countries with India.

With the return of vitality to the British economy in the last two years, all these new trends were becoming better appreciated. The latest setback in the British financial position has made the search for remedies more urgent. The role of the British Cotton Mission would be only of secondary significance in this larger context. As an attempt to study the possibilities of the Indian market for British textiles, it has been welcome. The Mission would also satisfy a political need of the British Government because of the difficult situation prevailing in Lancashire. There is perhaps not much else that the Government of India could do to assist the British Government and Lancashire. British textile interests have concentrated their attack on the high import duties in India on British textiles. The Government of India would probably have responded and considered a moderate reduction if only as a gesture of goodwill if there was proof that Lancashire would be the beneficiary of such concessions. Actually, a reduction may well strengthen the other competitors in the field to the detriment of both the Indian producer and the exchequer. The market for British cloth in India is a quality market depending on types of products than on price margins.

The present British Government has been too well aware of these factors to succumb to the outcry in Lancashire and has handled the delicate situation with tact and patience. Also, non-textile exporting interests in Britain have been anxious that the Government should avoid short-sighted measures of retaliation which could hurt the much larger interests of the export trade on which the strength of the British economy rests. But like most governments based on the party system, the present Government would naturally prefer, with an election expected any time this year, even those marginal gains which it can show to an area where some hardship has been caused. Any adjustments which the Government of India can make in a spirit of accommodation would contribute to this extension of the area of understanding and would therefore be justified.

THE WEEK'S NOTES

QUEMOY AND MATSU—THE CHANGE

GRADUALLY A very vital change seems to have come over American public opinion on the question of the defence of Quemoy and Matsu. At one time Mr. Dulles seemed to imply that until China gave the assurance that Formosa will not be attacked, the U.S. would be almost committed to help Chiang Kai-shek even in defending Quemoy and Matsu. Last week, however, he declared that there was no commitment of "any kind, sort or description" to the defence of anything except Formosa and the Pescadores. This must be seen as a response to the growing public opinion within the United States against committing the U.S.A. to a war over an issue on which the rights were far from clear. There is bound to be disunity among allies and a growing prejudice against American policies in areas in which considerable distrust exists already. If American action in defending the offshore islands should touch off a wider conflict, the consequences for American prestige will be serious. On the other hand, the realisation that the United States can take a more realistic view of the situation has been viewed with great relief and approval in this country, which is the best sounding-board of Asian opinion, at least on the question of Formosa.

The "New York Times" has taken the lead in urging sober second thoughts on this question. The paper has urged the evacuation of Chiang's troops from these two islands, with a new guarantee to the Nationalists to save "face." Whether Western and Pacific allies of the U.S.A. join such a guarantee, as suggested, or not, the situation will for the time being be saved because Chinese preparations to invade Formosa and the Pescadores, meeting the opposition of the U.S. Seventh Fleet, will take a considerable time to complete. Alternative approaches to a solution of the Formosa question can start in the interval. President Eisenhower has thus far used the powers obtained by him from Congress over Formosa to steer U.S. policy clear of dangers, though many statements emanating from Washington have obscured this restraint.

PRESERVING PARTY AND PRESTIGE

IN REAFFIRMING its opposition to the Congress party and in ruling out any coalition or consolidation with it, the National Executive of the P.S.P. has only safeguarded its political identity, at least for the present. The circumstances in which this question arose for the P.S.P. and the manner in which its members have carried on a debate on the question of the Avadi Resolution of the Congress on the "socialistic pattern" would show that this new slogan has had some seductive effect. The National Executive has tried hard to resist it and to convince itself and the rank and file that the Avadi Resolution does not mark a fundamental change in Congress policy. There have been "deviationists" at the top echelons of the P.S.P. who have been in favour of co-operation with the Congress and even now they are said to be in favour of discovering areas of co-operation. That would be one way out of the present impasse in which socialist and 'socialistic' parties find themselves talking at each other without specific differences on decisions of practical policy. The role of an opposition is not by any means an easy one, as the more uncompromising Communists have found to their cost, and "areas of co-operation" may offer some solace at this period of internal conflict within the P.S.P.

Otherwise, there is little for the P.S.P. to gain at this stage through coalition. Its tenuous solidarity in opposition is bound to break if it participates in administration as there is no coherent philosophy or programme to hold it together. In calling the Avadi slogan a vague ideal, the P.S.P. pot has not perhaps been really hard on the Congress kettle. Ultimately it is not the P.S.P. Executive, but the electorate that will decide. If the voter finds the Congress "socialistic pattern" endurable enough he may not opt for the more elusive socialist pattern. Closer co-operation with Congress may become a political necessity at that stage for individual members of the P.S.P. If on the other hand, the P.S.P. can draw all the dissatisfied voters into its fold including those who now vote Communist, it can improve its capacity to discharge the functions of an active opposition. This is the main issue before the party. While on the one hand there is a debate on areas of co-operation with the Congress—giving the impression that the P.S.P. is nearer to it than before—the P.S.P. is thinking, on the other, of capturing the Congress vote, which cannot seem logical to the voter. It is a confession of weakness over its main political function of attracting and dividing the Communist vote.

HIGHLIGHTS OF THE HOME MINISTRY

THE HOME MINISTER'S reply to the debate on the working of his Ministry was devoted mostly to the agitation in Manipur—a subject on which he was able to make mincemeat of the opposition using only the most persuasive and moderate language to answer his critics. There was little criticism about the working of preventive detention for which powers were extended for three years; Government now propose to review its working by bringing forward a Resolution in the House. It is rarely that the state of crime and detection in the country gets sufficient attention from Parliament. Mr. Pant took the occasion to point out that cognisable offences in India were about one-eighth of the figures for U.K. and U.S.A. and Japan, calculated as a proportion of the population. The percentage of detection—which is half the number of offences—may not be too good but the Home Minister considered that it compared not unfavourably with other countries. There has been no substantial increase in the police force in recent years; in all the major States (Part A States) the total strength of the police force was slightly over 3 lakhs; but Bombay and U.P. have expanded their Home Guards to 5 lakhs and 7 lakhs respectively.

The Home Ministry's activities will in future have to concentrate more and more on finding out better methods of recruitment for the various types of public services and in creating the agencies which can practise those methods properly. The annual report for 1954-55 shows a record of delay in recruitment by the U.P.S.C. but delay alone is not its weakness. There is no evidence that the Commission has helped to evolve a code of principles for selection of candidates. The result is that the main object of having a Commission—to make recruitment demonstrably fair with equal opportunities to all candidates—has not been adequately fulfilled, while the departments concerned are tied down to acceptance of the Commission's selections. The problem of the services is not merely one of more pay for the lower income groups, which the opposition has emphasised. The problem of proper recruitment will loom larger in future when the effects of recent recruitments are felt at higher levels.

STREAMLINING WITH PERFORMANCE-LINE

OUTWARDLY THE Secretariat of the Government of India appears to be functioning very much as before despite much talk about reorganisation of the services and simplification of procedures. Particular Ministries

have improved or deteriorated according to the interest taken by their respective heads. The Import Control Organisation is a leading instance of improvement in the last four years. On the other hand, financial procedures have come in for greater criticism under the Plan, and financial agencies have in turn justifiably and neatly turned the tables on the Ministries in charge of the planning of projects. Meanwhile, an Organisation and Methods Division has taken shape gradually. According to a recent account of its activities by its chief (in the first number of the 'Indian Journal of Public Administration') the O & M Division lays claim for modest achievements in its attempts to reform procedures in the Ministries of the Government of India.

The rest of the country's vast network of administration is still functioning very much as before unaffected by these reforms at the headquarters. It was the headquarters which had stood in greater need of reform and reorganisation when the country embarked on planning. The O & M units—which now operate with a staff of about 51—have not discovered any new formula for success: they found that in most cases the existing systems were not being properly worked in practice and that closer inspections would remove much of the delay and inefficiency. If the Secretaries to the Ministries and Departments had themselves been aware of the need for toning up the efficiency of the departments by constant inspections, the O & M Division would have had a lighter job but war-time and post-war changes in the higher civil services brought forth men who were only barely able to devote their attention to the more immediate work of the departments. They have left the lower ranks to muddle through as best as they could.

The O & M Division has devised a technique of observation through statistical charts showing the actual movements of a performance-line in relation to a guide line. A new Manual of Office Procedure is to be published shortly. Some delegation of powers has been made for taking decisions at lower levels but this does not seem enough. Too much responsibility is still concentrated at the higher levels. While disposal through personal discussion may shorten procedure and avoid many inter-departmental wrangles, it is still difficult to say whether the officers are using such conference time economically and purposefully. Finally, O & M would depend on the quality of the officers; there is a perpetual danger of the O & M nuclei attached to the Ministries being influenced by the prevailing modes of work around, instead of influencing them.

INDUSTRIAL LICENSING IN PRACTICE

THE PROGRESS report on the licensing of new industrial undertakings and expansion schemes of existing units in 1954 has revealed a satisfactory rate of addition to industrial capacity because a too narrow approach was on the whole avoided by the Committee. Of the 443 applications considered during the year, rejections were only 15, while 17 cases were referred back to the applicants. A large number of the applications considered (226) was for effecting substantial expansion of existing capacity or for the manufacture of new products with existing capacity. Only 110 applications were granted for establishment of new capacity.

In the sugar industry the Committee has followed a policy of allowing new units to be established in the South while enabling expansions of capacity to north Indian factories. Except for 4 units in the Punjab and Pepsu, the new units will be in Bombay (12), Madras, Andhra and Hyderabad (2 each). Along with the expansion of 16 sugar factories in U.P., the total crushing capacity will increase by 36,392 tons a day, which on an average of 120 working days can yield over 4½ lakh tons of sugar a year. Eight new units and expansions to 18 units will augment the output of various types of steel products. In cotton textiles, the additions appear to be very modest, in spite of 11 new units and expansions of 29 units, especially in Madras, the additions will only be 362,528 spindles and 350 looms. A very striking case of approval of increased capacity is seen in cement which is expected to add 2 million tons to output if the 6 new units and 6 expansions now sanctioned take effect. Equally substantial will be the increase sanctioned in paper through 4 new and 4 existing units, and in other lines like pharmaceuticals and bicycles. No new units have been sanctioned in electric motors, machine tools, vanaspati, batteries, sewing machines and soap.

There is a trend towards a diversification of the products of industry which could be a good prelude to the more ambitious scale of industrialisation contemplated under the second Five-Year Plan. The inflow of foreign capital for many of these schemes has been permitted. Out of Rs. 84.2 crores of capital issues for industrial companies for which consent has been given, the Government has permitted Rs. 26 crores to be invested by non-residents. In a number of cases, Indian firms are also reported to have agreed to pay royalties to foreign firms for supply of information on technical processes.

CHIEFS OF STAFF

A BILL introduced this week in the Lok Sabha seeks to amend certain enactments for the purpose of changing the designation of the Commanders-in-Chief of the Armed Forces, in accordance with the recent declaration of policy by the Prime Minister during the debate on the Defence Estimates. Under clause (2) of Article 53 of the Constitution of India, the supreme command of the Defence Forces of the Union vests in the President. In keeping with this provision of the Constitution, it has been decided that the practice of referring to the Service Chiefs of the Army, Navy and Air Force as Commanders-in-Chief should be discontinued and that they should be designated as the Chief of the Army Staff, the Chief of the Naval Staff and the Chief of the Air Staff respectively. The Bill accordingly seeks to give effect to the above decision, firstly, by suitably amending certain enactments which contain references to the Commanders-in-Chief and, secondly, by providing for a rule of construction respecting references to Commanders-in-Chief occurring in rules, orders, agreements and other instruments.





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RESOURCES

Cash and Due from Banks	$1,456,524,519.87
United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,393.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$9,163,355,289.49

LIABILITIES

Capital	$ 150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,455,800.10	
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$4,192,260,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		278,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$9,163,355,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES

Cash and Due from Banks	$ 55,982,847.06
United States Government Obligations, direct and fully guaranteed	30,295,414.50
Other Securities	47,976.62
Loans and Discounts	86,929,137.82
Accrued Income	334,154.75
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,539,140.80
Other Resources	397,641.63
TOTAL RESOURCES	$220,406,334.06

LIABILITIES

Capital	$ 10,000,000.00
Surplus	3,000,000.00
Undivided Profits	847,555.55
TOTAL CAPITAL FUNDS	$ 13,943,555.55
Reserve for Possible Loan Losses	807,299.64
Deposits	126,958,914.27
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills and Notes	46,322,451.63
Reserve for Interest Received in Advance	221,628.99
Reserve for Interest, Taxes, etc.	352,483.98
TOTAL LIABILITIES	$220,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

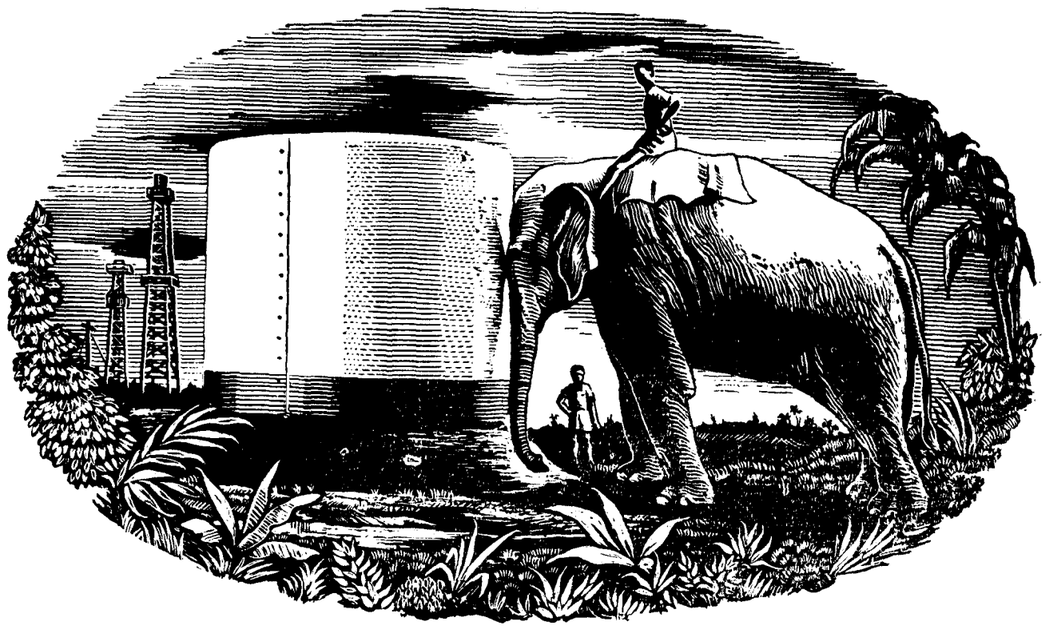
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Yes, the day-to-day running of the oil industry is a big job. To keep it running the Assam Oil Company has to spend crores of rupees just in "looking ahead." For no oilfield lasts for ever, and in order that India's vital flow of oil may be supplied to an increasing extent from India's own resources, the company is constantly exploring for new sources of petroleum.

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WORLDGRAM

TRADE

Export Promotion Councils in India: Two Export Promotion Councils, namely, the Cotton Textiles Export Promotion Council and the Silk and Rayon Textiles Export Promotion Council, were set up during the last financial year. The function of the Councils is to undertake market studies, send out trade delegations, appoint representatives in foreign markets, conduct propaganda and disseminate information to manufacturers and traders. The Councils are to advise Government on standards and schemes for inspection of goods for export, investigate complaints, advise exporters in adopting methods for obviating such complaints, and arbitrate in the settlement of disputes. The Cotton Textiles Export Promotion Council draws its funds from the Cotton Textile Fund, which has decided to grant it Rs. 5 lakhs during the current financial year. The Government has paid Rs. 12,000 to the Silk and Rayon Textiles Export Promotion Council and the industry has contributed Rs. 6,000.

INDUSTRY

New Industries in Eastern Zone of India: The Union Rehabilitation Ministry have finalised seven schemes to set up new medium-scale industries in the refugee townships near Calcutta to provide employment to displaced persons from East Pakistan. These industrial units are to be sponsored by private industrialists with State guidance and assistance, and will involve a total expenditure of Rs. 2.5 crores. They are initially expected to provide employment to over 2,000 persons and some 5,500 at a later stage. Three new cotton spinning mills are to be established and four existing mills expanded, with provision for additional spindle capacity. In Assam the availability of high quality bamboo and other wood pulp, along with cheap labour are being upheld as incentive to industrialists interested in the manufacture of paper. Land and factory buildings are to be provided to industrialists on rental basis; water and electricity at bulk rates prevailing in the neighbouring industrial areas, and loans up to 50 per cent of the value of machinery are also to be given.

*

Indo-U.S. Project for Augmenting Steel Supply: According to a recent Indo-U.S. Agreement, the U.S. Government will contribute $11.8 million towards augmenting India's steel supply. This agreement provides for the supply of 98,200 tons of steel, and is to supplement the 205,000 tons of steel procured during 1954. The Government of India's share in the project will be Rs. 60 lakhs. The rails, fish-plates and spring steel billets (25,000 tons) are required by the Railways for replacements, rehabilitation and expansion, while the billets (37,000 tons) will be used for specific development projects and for some industrial purposes. The structurals (24,000 tons) are required for rural electrification in connection with tube-well and other development projects. The steel imported under the project will be distributed to intending users through the Indian Steel Pool, and will be distributed through the commercial channels or agencies of the Central and State Governments.

*

State-Owned Factory for Heavy Electrical Equipment in India: The Government of India have decided to set up a new State-owned factory to manufacture heavy electrical equipment as recommended by the Heavy Electrical Equipment Inquiry Committee (appointed in October last year). Electrical manufacturers of international repute are to be invited to discuss the scheme and to indicate the basis of their technical and possible financial collaboration. The Committee has recommended that the proposed factory should manufacture items like hydraulic turbines and generators, generators for diesel sets and static capacitors in which none of the existing units is interested. Besides these, the factory should manufacture certain other items of large size, e.g. heavy transformers. A committee of experts is to advise Government on the implementation of other items of large size.

*

Indian Development Council for Heavy Chemicals (Alkalis): A Development Council for the scheduled industry engaged in the manufacture and production of heavy chemicals (alkalis) has been set up by the Government of India making it the eighth such Council to be set up under the Industries (Development and Regulation) Act, 1951. The Council will recommend targets for production, co-ordinate production programmes and review the progress made by this industry. It will suggest norms of efficiency to eliminate waste, obtain maximum production, improve quality, reduce costs, recommend measures for fuller utilisation of the installed capacity and promote arrangements for better marketing and standardization of products. The Council will suggest measures for increasing the productivity of labour for securing safer and better working conditions and the provision and improvement of amenities and incentives to workers.

*

The Netherlands Jute Industry in 1954: Consumption of raw jute by the Netherlands' spinning mills in 1954 dropped to 11,700 tons from 12,600 tons in 1953. Production of jute yarns was lower last year by 900 tons from 11,400 tons the year before. Manufacturers attribute the decline to Indian competition. The domestic market absorbed about 40 million jute bags in 1954, a drop of 8 million bags from the preceding year. Sales consummated in the export markets, however, increased to 17 million bags against 8.5 million in 1953. Stocks of jute bags available in the Netherlands at the end of 1954 rose to 17 million from 14 million as at the end of 1953.

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Project Division for Steel Plant at Bhilai: The Union Ministry of Production has set up a Project Division for carrying out the responsibilities devolving on the Government of India under the Indo-Soviet Agreement for the setting up of an Iron and Steel Works at Bhilai in Madhya Pradesh. The Project Division will be responsible for the recruitment and training of personnel as well as for the overall control, supervision and co-ordination of the work relating to the establishment of the Steel Plant. The Project Division will also be responsible for levelling the site, examining the suitability of sites for and building the foundations, fulfilment of the schedules, construction of buildings, roads and railway tracks, town planning and construction of buildings and roads in the township. The fabrication of steel work and the supply of plant, machinery and equipment to the limited extent available in India has also been entrusted to the Division. Bhilai has been chosen out of six sites, because of the comparatively better availability of raw materials like iro nore, 'stem' coal and limestone, the lower costs of transportation and water and power resources.

FINANCE

Loans to Shipping Companies in India: A provision of Rs. 832 lakhs has been included in the Indian Capital Budget for 1955-56 towards grant of loans to

Indian shipping companies for the purchase and construction of ships. The Government are already committed to pay during 1955-56 a sum of Rs. 376.18 lakhs to Messrs. Scindia Steam Navigation Co., Ltd., Bombay, and Rs. 198.40 lakhs to the India Steamship Co., Ltd., Calcutta, representing the balance of the loans already promised to these companies. Though it is not known at this stage which other companies will come forward for such loans during the ensuing year, it is expected that the entire budget provision will be utilized.

*

India's Contribution to UNO: The financial contribution made by India each year since 1946 to the United Nations Organization is indicated below:

Year	Rupees	Dollars
1946	26,03,300	786,507
1947	35,89,000	1,084,275
1948	45,34,600	1,370,571
1949	43,55,500	1,161,579
1950	50,45,500	1,059,552
1951	66,17,200	1,389,615
1952	70,37,000	1,477,760
1953	68,89,900	1,446,878
1954	63,43,705	1,332,178

For the year 1955 a sum of $1,226,089 (Rs. 58,38,562) has been comptued as India's contribution.

*

India's Share in World Bank: Out of the total of the subscribed capital of $9,028 million of the International Bank for Reconstruction and Development, India's share is $400 million. The 20 per cent of India's quota which has been called, has been paid-up as follows: $8 million (2 per cent) in U.S. dollars, $72 million (18 per cent) in rupees and securities, (a) in rupees Rs. 34,05,400 (b) in non-negotiable non-interest bearing securities Rs. 33,94,30,000. India's borrowings from the Bank to date amount to about $126.0 million. The amount actually drawn is about $56.07 million.

*

Aid to Indian Village Industries During 1954-55: Grants totalling Rs. 2,48,58,813 and loans totalling Rs. 1,60,09,300 were sanctioned by the Government of Isdia to the All India Khadi and Village Industries Board during 1954-55 for the development of khadi and village industries. The grants included the recoverable advance given for trading purposes. Of these, grants of Rs. 1,77,90,769 and loans of Rs. 1,11,462 were utilised by the Board up to the end of February, 1955. Eleven village industries, viz., hand-pounding of rice, ata-chakkis, bee-keeping, palm gur, ghani oil, soap making with non-edible oils, hand-made paper, leather, pottery, cottage match and fibre industries were given grants and loans for development.

*

Three Lakh Houses Built in East Indian States: Nearly Rs. 72 lakhs had been placed at the disposal of the West Bengal Government by the Union Rehabilitation Ministry for granting house-building loans to over 14,000 refugee families in the rural areas of West Bengal during the last quarter of 1954-55. Nearly three lakh houses have been built by refugees from East Pakistan in six Eastern States so far, with Government help in the form of house-building loans, plots, etc. Out of these over two lakh houses have been built in West Bengal alone.

*

Progress of Indian Flood Protection Works: The States of Assam, Bihar, West Bengal, Uttar Pradesh and Punjab have recommended 16 flood protection projects (each costing over Rs. 10 lakhs) at a total cost of Rs. 6.31 crores. Two more States, Andhra and Orissa, have set up State Flood Control Boards and Technical Committees. Aerial surveys and other investigations are progressing satisfactorily in the Ganga and the Brahmaputra basins, and similar surveys are being conducted in other areas of Assam, Bihar, West Bengal and Uttar Pradesh. The States have submitted minor schemes (less than Rs. 10 lakhs each in value) estimated to cost about Rs. 3.08 crores and some schemes (above Rs. 10 lakhs each) estimated to cost Rs. 23.35 crores. These include the works undertaken in 1954-55, which have still to be completed.

*

All-India Handloom Fabrics Co-operative Society: The All-India Handloom Fabrics Marketing Co-operative Society was registered on March 21, under the Co-operative Societies Act, Bombay. The main functions of the Society will be to look after the development of inter-State and export markets for handloom cloth, to arrange for the supply of yarn and raw materials to the member societies and to undertake study of the marketing of fabrics in foreign countries as well as individual inter-State markets and arrange for production of marketable varieties, etc. The authorised share capital of the Society is Rs. 5 lakhs. An amount of about Rs. 1 lakh has already been collected as paid-up share capital. The Government of India is being approached for financial assistance for the implementation of the scheme.

MISCELLANEOUS

Indo-American Industrial Co-operation Programme: The Government of Uttar Pradesh have submitted schemes to the Central Government relating to research and purchase of instruments and equipment for industrial institutions under the Indo-American Industrial Co-operation Programme. The main aim of the scheme is to improve the existing standard of teaching and practical training in a number of Technical Institutions in different technologies and trades, like oil technology, carpentry and textile technology.

*

Rail Capacity Increased for Kosi Project: Work has begun at Manduadih station, near Banaras, on the North Eastern Railway, on a Rs. 19-lakh project to increase the transhipment capacity at this 'break' gauge junction from 120 to 200 broad gauge wagons per day. The Project involves the re-modelling of the Mandaudih yard and a separate railway line from Banaras cantt. to Mandaudih, extension of loops at 20 stations between Mandaudih and Chupra and re-modelling of the loco shed at Chupra Kachery. The increased capacity is needed to cope with an anticipated increase in traffic to North Bengal, North Bihar and Assam in commodities like cement, coal, lime and lime-stone, stone chips, textiles, general goods, etc., and also for the movement of materials for the Kosi project.

*

Scindia Steam Navigation Company to get State Loan: The Government of India have sanctioned a loan of Rs. 183.6 lakhs to Messrs. Scindia Steam Navigation Co., Ltd., for the construction of two ships for operation in the oversea trade. A further loan of Rs. 340 lakhs for the construction of three more ships has been proposed. The terms and conditions governing the loans are: (1) the loans represent 85 per cent of the cost of construction, and will be advanced in 5 or 6 instalments, according to the terms of contract with the Shipbuilding Yard, (2) the rate of interest will be 2.5 per cent per annum, and the period of repayment 12 years, (3) the vessels acquired will be mortgaged to Government as security for the period of the loan, and additional and interim security provided in the shape of a second mortgage of one or more of the existing vessels already mortgaged to the debenture holders of the Company, (4) vessels mortgaged to Government will be insured to cover all risks, including war risks, and (5) Government will have the right to nominate a Director on the Board of Directors for the period of the loan.

NEWS IN BRIEF

INDIAN

Under the Community Projects scheme, there are at present 220 blocks covering 32,957 villages with a population of 20.4 million. Another 608 blocks, covering 66,335 villages with a population of 41.8 million are being developed under the National Extension Service scheme. Total Government expenditure and people's contribution on these schemes up to the end of 1954 was approximately Rs. 13½ crores and Rs. 7½ crores, respectively.

*

As yet another step towards progressive Indianization of the staff of Brooke Bond India Limited, Mr. G. V. K. Murthy is the first Indian to assume the Chairmanship of the Company in succession to Mr. W. G. Henshilwood who retired on April 1, last.

*

Pending the transfer of their pensions from Pakistan, arrangements for payment of advances of pensions to displaced Central and Provincial Government pensioners have been further extended to September 30, 1955.

*

The Planning Commission has taken up for consideration a memorandum drafted by the Economists' Panel outlining, among others, the basic considerations relating to the framework and structure of the second Plan and defining the pattern of investment and the regulatory and institutional set-up required to implement the Plan.

*

The Punjab Government is considering the construction of a dam across the Ravi at a cost of Rs. 30 to Rs. 40 crores, which will enable storage of river water during the monsoons and facilitate irrigation during winter in Rajasthan, some parts of Bari-Doab tract and Bikaner.

*

Equipment and apparatus worth about Rs. 2,07,000 was received during 1954 from the U.K. under the Colombo Plan for hospitals and research institutes in India.

*

Under the Union Rehabilitation Ministry's scheme of national discipline movement for displaced boys and girls from West Pakistan, nearly 20,000 displaced students are receiving training from over a hundred experienced ex-Servicemen in about 34 schools in different parts of the country.

*

During February, 1955, the employment exchanges placed 12,293 persons in employment. Compared to January, there was a fall of 7,500 in the number of fresh registrations and 3,000 in the total number of registered unemployed.

*

In about one and a half years, the Santa Cruz airport is to be equipped with two modern safety devices—ground control approach and the very high-frequency omnibus directional radio range.

*

An Indian Parliamentary delegation, led by Mr. S. V. Krishnamoorthy Rao, is leaving Delhi on May 5, on a three-week tour of the USSR.

*

At the third annual meeting of the Indian Society of Advertisers held recently, Mr. A. D. Shroff was unanimously elected Chairman of the Society for the second year in succession. Mr. Shroff said that the ISA was playing a great part in popularising the national plans and subscribing to the national aspirations.

FOREIGN

An estimated 3,000 women from some 40 countries are expected to participate in the first International Convention of the General Federation of Women's Clubs to be held in Philadelphia and Geneva from May 22 to June 1.

*

With the additional 25,900 tractors bought in 1954, the total number of tractors at work throughout Italy now is 142,000 which comes to a tractor for every 200 acres of cultivated land.

*

Steps being taken towards stabilizing the Nepali rupee include a ban on the export of Nepali currency by air and payment of 50 per cent in Nepalese currency of the emoluments of those employees who had been getting the same in Indian rupees.

*

It has been revealed in the USSR that shortages have occurred in certain commodities such as soap, sewing machines, salt, matches, etc., resulting in black marketing.

*

Japan has agreed to pay Thailand 15 million sterling in settlement of her war debt. The amount will be paid over a five-year period in cash and goods.

*

The General Electric Company of England are setting up a multi-million dollar industry in Canada which should enable Britain to earn dollars and thus be able to buy more from Canada.

*

A new plant built by the Imperial Chemical Industries in Britain is expected to go into production of titanium in July next. Titanium, which is a low-weight metal, roughly equal to stainless steel in strength, but weighing only half as much, is expected to revolutionize aircraft design.

*

The UNICEF has recently approved a total allocation of $4,117,000 to improve the health, nutrition and welfare of children in 34 countries and territories. Some of the more important projects on which the funds will be spent include expansion of maternal and child welfare services, malaria and leprosy control, BCG vaccination, etc.

*

A seven-man mission organized by the International Bank for Reconstruction and Development arrived in Amman recently to make a general survey of Jordan's economy. The team, headed by a former Netherlands Finance Minister is expected to stay in Jordan for three to four months.

*

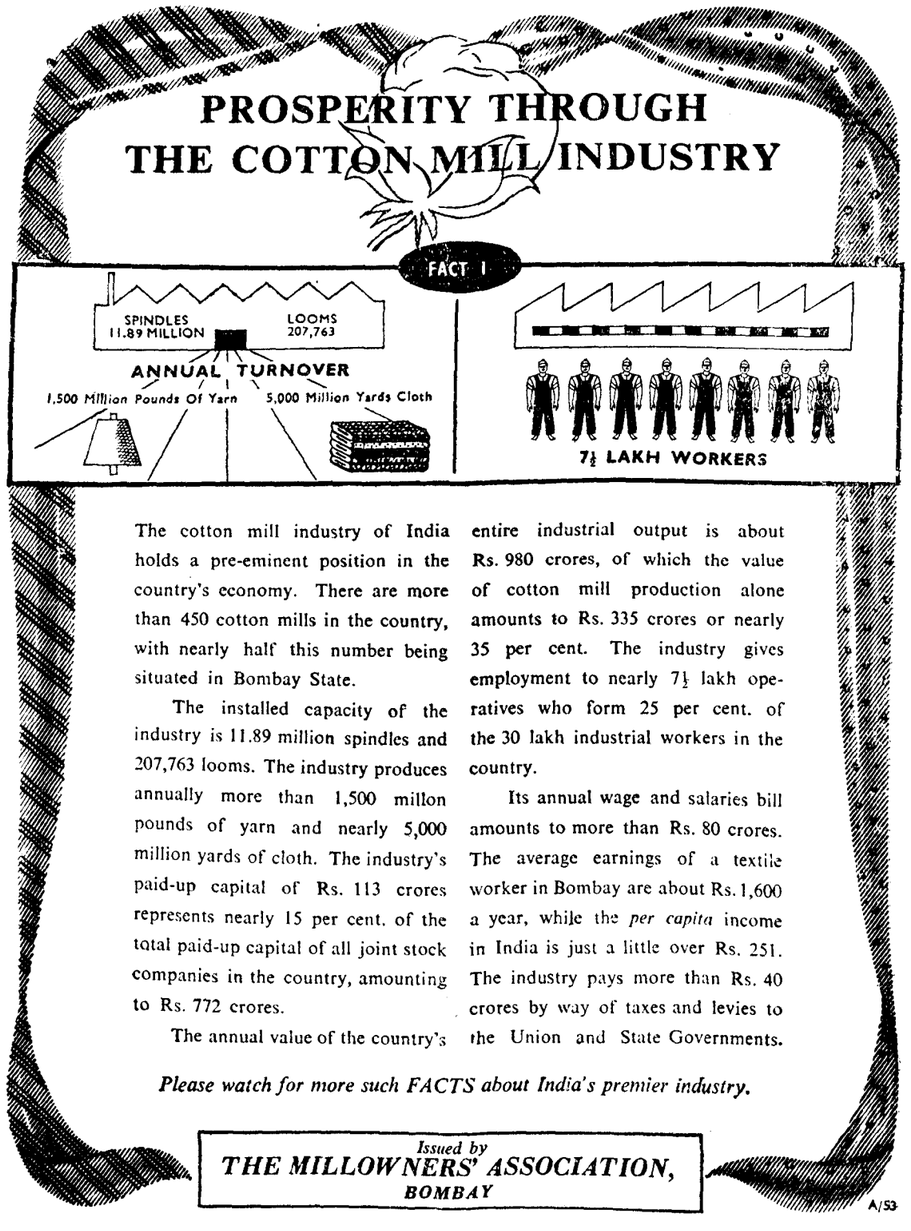
In its new budget, the Canadian Government has cut indirect and direct personal and corporate income taxes to increase people's purchasing power and investment capital. The proposed new tax cuts are expected to reduce the Government's revenues by about $207,000,000.

*

New regulations to encourage private enterprise to develop atomic energy for peaceful purposes have been announced in the U.S.A. The regulations are intended to open the way to all who are interested in research and development or commercial activities in the atomic energy field.

*

A pre-view of the Museum of Modern Arts exhibition of Indian textiles and ornamental arts was held in New York this week which was attended by the Indian Ambassador, among others. This comprehensive exhibition will remain open for two months.



A Window on the World

CHURCHILL, INDIA AND BRITAIN

By

ODYSSEUS

THE WORLD has never before seen anything like the flood of newspaper comment that followed the resignation of Sir Winston Churchill as Prime Minister of Great Britain. Neither Roosevelt nor Stalin inspired us scribes to pound our typewriters to the extent that Churchill has.

Others have celebrated his greatness, his triumphs, and the tremendous contributions that he has made to the preservation of the free world and of democracy. I propose instead to rake among the embers of the Indo-Churchillian controversies of the past. Why? Because I do not think that any deeds done or words spoken are ever wholly gone. At the time, they produced explosions of wrath, resentment, or even, maybe, hatred. As the years pass, however, passions cool. Some memories fade, while others persist as half-truths, distorting and rankling. Many of our memories of Churchill are of this unfortunate kind. But today, eight years after independence, it is possible to reflect upon his associations with India calmly and to try to see them in the perspective of history, in which their emotional impact is lost and their content can be studied for its own interesting or curious sake, whether or not it points a moral or adorns a tale.

While America remembers Churchill for his indomitable defiance, spirit, and courage, when all Europe was going down before Hitler's hordes, and while Britain, and the Commonwealth as a whole, recall inspiring leadership and imaginative decisions, to us in India other facets of his personality flash less attractively. Did he not once refer contemptuously to Mahatma Gandhi as a "half naked fakir"? On a later occasion, he declared that he had not become the King's first minister in order to preside over the liquidation of the British Empire. However consoling this remark may have seemed to Australians and others threatened by Japanese invasion, it was interpreted in India as a rejection of independence as the goal of British policy, as was his declaration that the Atlantic Charter did not "qualify" British statements concerning India. He was Premier at the time of the Cripps' offer which did not strike the Congress party as being as magnanimous as its framers evidently thought it was. In short, Churchill has created an image of himself in this sub-continent as the embodiment of all that the average "Indian in the street" most resented in old fashioned British imperialism.

CHURCHILL ON JALLIANWALLA BAGH

The perusal of statements and speeches in the inter-war years suggests that he thought that what was best for India was the continuation of paternal British rule, and that he did not consider Indians capable of self-government. Events have proved him wrong. In justice to him, however, it is worth recalling that he wholly rejected the die-hardism represented by the old (and significantly now defunct) "Morning Post". Churchill believed in British rule; he did not believe in Prussianism. Speaking in the House of Commons on July 8, 1920, on the Amritsar riots, he said:

"However we may dwell upon the difficulties of General Dawyer during the Amritsar riots, upon the anxious and critical situation in the Punjab, upon the dangers to Europeans throughout that province, upon the long delays which have taken place in reaching a decision about this officer, upon the procedure that was at this point or at that point adopted, one tremendous fact stands out—I mean the slaughter of nearly 400 persons and the wounding of probably three or four times as many, at the Jallianwalla Bagh on April 13... I do not think it is in the interests of British Empire or of the British Army for us to take a load of that sort for all time to come on our backs. We have to make it absolutely clear, some way or other, that this is not the British way of doing business."

Nevertheless, however humane Churchill's imperialism may have been, it remains true that he thought of the British as trustees and guardians who would have to be retained in office for an indefinite period. He said, for example, on February 12, 1930, "Above all it must be made plain that the British nation has no intention of relinquishing its mission in India or of failing in its duty to the Indian masses, or of parting with its supreme control in any of the essentials of peace, order, and good government," and again on March 18, 1931, "What spectacle could be more sorrowful than that of this powerful country casting away with both hands..... the great inheritance which centuries have gathered?....It is a hideous act of self-multilation, astounding to every nation of the world."

I think it possible that had Sir Winston been Prime Minister in 1946-47, the transfer of power from British to Indian hands might have encountered delays, and have been more difficult, and therefore attended by greater and more widespread turmoil in the country than it was.

Just as Sardar Vallabhbhai Patel used to be regarded as ruthless and implacable towards his enemies, so is Winston Churchill. These are half truths, for if the Sardar shared these characteristics with Churchill, it is equally true, and much less widely appreciated, that once the battle was over, no two men ever bore less rancour. The Sardar spent his whole political life until 1946 fighting the British, but once independence was within sight, he established cordial relations with Mountbatten and other Britons of good will who were ready to join him in getting on with the job in hand. And so it is with Winston Churchill. In his book "In the Shadow of the Mahatma", Mr. G. D. Birla offers interesting glimpses of this. In a letter to Mahatma Gandhi dated July 22, 1937, Mr. Birla describes a visit that he paid to Churchill at his country house: "Immediately on seeing me he said: 'Well, a big experiment has begun,' and when I said 'Yes, it has begun but it will require all your sympathy and good wishes'; he assured me of these, but all the same said 'It entirely depends on you! You know I have not spoken a word against the Act after the King's signature was put on it, and if you can make this experiment a success, you can reach your goal automatically. You know how democracy has been attacked all over the world. It is only Great Britain that has preserved democracy and if you show by your actions that you can make democracy a success, you will have no difficulty in advancing further. Play fair and we will play fair.'"

"'What do you mean by play fair,' I asked. He replied 'Make the provinces contented, peaceful, and prosperous. Don't allow violence and don't murder Englishmen.' I said 'I am simply shocked at what you

say. Do you seriously believe that we are going to murder Englishmen?'....I added 'Even the most extremist Congressman is not anti-British. He is certainly for independence but that does not mean that one should become anti-British.'"

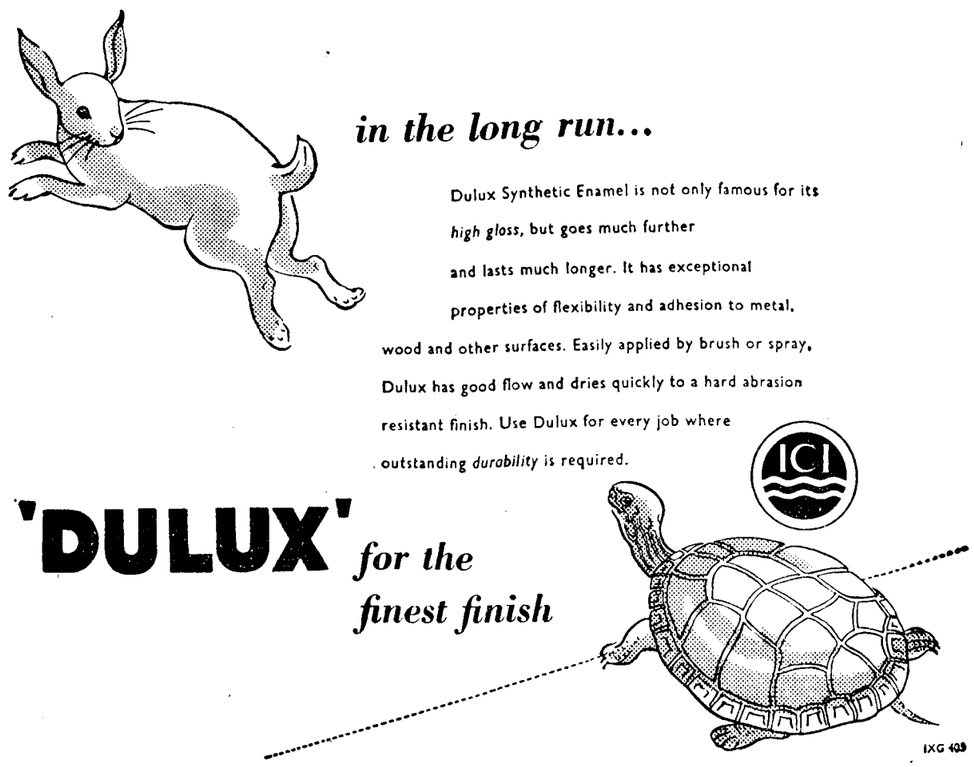
"BARBED-WIRE BLANDISHMENTS"

Replying to this letter Mahadev Desai said: "What you say about Churchill is most interesting. When he uttered that sentence about violence and Indians murdering Englishmen why did you not remind him of his article in which he threatened us with dread consequences if we refused to accept office? The cruel word that he used about Bapu's statement still smarts in my memory....He described those statements as 'Gandhi's barbed-wire blandishments'. But that is Churchill all over. At the time of the Irish settlement it was he who invited Michael Collins to his place and laughed and joked with him and told him that whereas the British Government had set a price of £1,000 on his (Collins') head, the Boers had set a price of only £10 on his (Churchill's) head. I am quite sure that his greetings to Bapu are perfectly sincere. And you must convey Bapu's thanks to him."

Mahadev Desai was, I think, right in believing that Churchill's greetings to Gandhiji were genuine, for it is only the little man who nurses bitterness after the fight is lost or won. The big man is too interested in the future to waste time recriminating over the past. So it was with the Sardar. So it is with Churchill.

Mr. Birla also quotes Winston Churchill as saying with reference to the 1935 Act: "Well, you have the opportunity now. I do not like the bill but it is now on the statute book. I am not going to bother about it any more...." This illustrates another point that we in India are apt to overlook when recalling our profound differences with Churchill: doughty—and even at moments slightly unscrupulous—political fighter that he is, nevertheless he is also the prototype of all democrats and parliamentarians. For once parliament has given a final verict on any problem, Churchill accepts it loyally, without reservations. This means that those who still think of him in terms of his attitude towards India prior to independence are eight years behind the time.

The links between India and Britain are three: (1) personal, (2) ideological, and (3) of material interest. For the moment, these links are of about equal strength, but with every year that passes the kind of personal link that has hitherto existed must become weaker as the Churchills, who served in India as young men, the Nehrus who went to Harrow and Cambridge, leave us. It seems to me worth an effort to try to cultivate in future generations the sort of Indo-British relations—frank, self-respecting, cordial—revealed in Mr. Birla's "In the Shadow of the Mahatma". They imply the special family relationship that exists among members of the Commonwealth. We are apt to take them for granted because we have never known anything else. But, on the one hand, the generations who have left school since 1948 or so, will be handicapped by their inadequate English, for the standard has dropped like a stone in these years, and, on the other, fewer and fewer Britons are coming out to India. Those who are anxious about the Indianisation of British firms need not worry. Britons are not tumbling over each other to come out. Social and economic changes here and in England tend to make the young Englishman more anxious to stay at home. Doubtless to the rising generation, I shall betray myself as a sentimental old stager, a curious survival from a vanishing era, if I conclude by asserting that a weakening of the personal links between India and Britain would be a loss to the richness of life, political, economic, and social, of both countries. It is up to us of the older generations to reflect over the values that we enjoy and to consider ways and means of inspiring the young with a desire to maintain them.



BOOK REVIEWS

CHANGING HINDU THOUGHT

Hindu Society at Cross Roads: K. M. Panikkar: Asia Publishing House: Rs. 4-8-0.

Sardar Panikkar's brilliant little book on Hindu society today may well accomplish part of the stupendous task of shaking Hindu thought free from the weight of custom and legal codification under which it is still labouring. Here is a provocative fundamental analysis in brief compass of the character of Hindu institutions as an offshoot of doctrine as distinguished from law. The results are quite astonishing in their demonstration of how little the defects of Hindu society, particularly caste and the position of women, can be attributed to original inspired works. This is well illustrated in a piece on caste from the Gita in which the position on caste is discussed (page 15). In Sardar Panikkar's words:

"While it is obvious that caste is a sociological fact and not a religious institution, it is none the less true that all Hindu Dharma Sastras take caste for granted. All the Puranas assume the existence of caste and look upon it as a permanent order of society. But the authority for the divine ordinance of caste is not very convincing. In the Gita it is no doubt stated:

"Chaturvarnyam maya srstam
Guna karma vibagasah"

and this is often quoted as proving conclusively that caste is a divinely ordained institution. But examined carefully it would be seen that Krishna's words constitute a devastating attack on caste and not its justification. Literally translated the passage means: The four-fold order was created by Me on the basis of quality and action. It is the most unequivocal repudiation of the divine origin of caste based on birth, the most categorical denial of the Brahmin claim of inherent superiority. No one denies functional differentiations based on quality and action. Even in classless societies, people have to be divided into intellectuals, soldiers, workers and peasants, on the basis of guna and karma. This is all that the Gita teaches and yet by quoting the line alone without adding the basis on which Krishna claims to have created it, the very purpose of the text, the categorical repudiation of caste-division based on birth, is perverted and it is made to serve the object of proving to the ignorant that the Gita affirms the sanctity of caste".

Caste thus appears as the outcome of Hindu law encrusted from time to time with custom. Precisely, because it is law and custom, both of which are instruments of change as well as makers of stability and reaction, there is abundant hope for the future. In the author's words: "The Hindus today realise, perhaps vaguely, that their integration into a community, with purposive direction of social forces and energies and fulfilling the ethical and moral conceptions of their best minds is the first duty of the Indian State. They realise that, for centuries now, Hindu society has been in the grip of a wasting disease because the energies of the whole body could not be concentrated on any common purpose. It is now realised that to resist the ravages of this disease in our body-social, the application of palliatives would no longer be sufficient. The body itself should be made stronger, healthier and more vigorous and the rejuvenation, if it is to be successful, must enable us to conserve our strength. The weakening of thought, the absence of enterprise and initiative and the general decline of vigour—factors which dragged the Hindus down during the last few hundred years—will finally disappear only when society become organised to receive ideas, which are its food, and to transform those ideas into practice."

This is a most stimulating and encouraging book; one hopes it will be a means of assisting the reformation which it preaches.

MANAGEMENT STUDIES

Industrial Management in India: Dr. Dhruba K. Dutt: S. C. Sarkar & Sons., Ltd., Calcutta: Price Rs. 12.

Since the end of World War II and particularly following Independence, there has been a remarkable growth in India's industries thanks to the Government's protective fiscal policy. A further fillip to industrial development has been provided by the industrial targets fixed in the current Plan, while the emphasis on industry being placed in the second Plan is bound to provide a vigorous stimulus to all-round industrial expansion. This development has brought to the fore the importance of sound management which is so vital a factor to achieve optimum efficiency and economy in the working of industrial enterprises. In industrially advanced countries, such as the U.S. and the U.K., courses of management studies have been organised with great success. And, naturally enough, in India too, industrialists and Government departments have made a good beginning in launching such studies.

So far, however, no authentic sources have been made available to students of management courses and the publication under review fills this lacuna, providing as it does a clear picture of the problems of management of representative industries in this country. Dr. D. K. Dutt's book is the result of field investigations undertaken by him, from 1948 to 1951, into the problems of management in the iron and steel, jute, cotton and a few light industries in the country. Students of management courses will find the treatise particularly useful in its discussion of the problem of efficiency, both of the management and labour, in Indian factories.

The book is well got-up but proof reading has been unsatisfactory.

CAPITALISM

Marx, Marshall and Keynes: Joan Robinson: Delhi School of Economics: Price Re. 1.

This booklet contains the text of two public lectures delivered by Mrs. Robinson, Reader in Economics, Cambridge University, in February this year in her capacity as Visiting Professor at the Delhi School of Economics. Although academic in character, Mrs. Robinson has endeavoured to bring out the essential contrast between Marx, Marshall and Keynes in their attitudes towards the capitalist system. In a study of these eminent economic thinkers, it should be noted that the standpoint of each on capitalism bears the stamp of the period when it was conceived. Marx, who advocated revolutionary socialism, formed his ideas in the grim poverty of the forties; Marshall, who made a complacent defence of capitalism, saw the system blossoming in peace and prosperity in the sixties; and Keynes had to find an explanation for the morbid condition of "poverty in the midst of plenty" in the period

between the wars. This historical background is recognised by the author herself and students of economic theory will find her elucidation valuable.

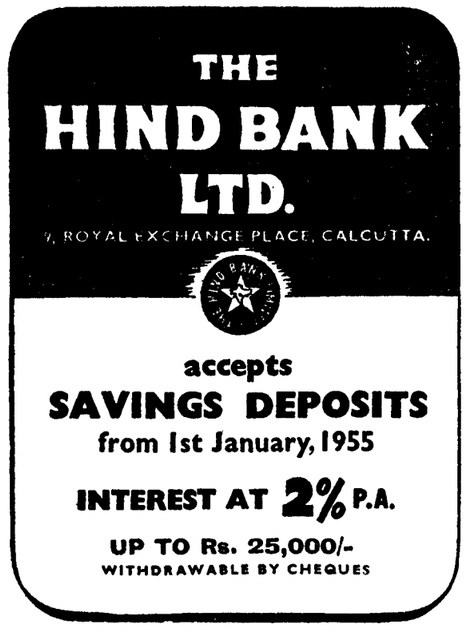
SOVIET IMPERIALISM

The Soviet Prisonhouse of Nationalities: Society for Defence of Freedom in Asia, Calcutta. Pages 226; Price Re. 1/-.

The sixth in a series on "Inside Communist Slave-Empire", this study is based on the works of Soviet specialists Walter Kolarz, Suzanne Labin, David Dallin and Woldzimicz Baczkowski. The publishers acknowledge this debt. Consequently, this book lays no claims to originality.

While the authors try to show the immediate danger to India from the Soviet Union, by quoting Stalin as saying that the "Soviet Republic at the gates of Hindustan" (meaning Tadzhikistan), is there, they do not offer any documentation to support their conclusion that Stalin's assertion ipso facto means as the authors put it.... "a hint that the Soviet Union must use Tadzhiks in its attempts to influence the Indian situation." The real record, the indictment against the Soviet Union, however, is its behaviour with the small and helpless countries like Estonia, Latvia and Lithuania. The authors would have done well to dwell more on the incorporation of Lithuania, Latvia and Estonia into the Soviet Union. They could have mentioned the deal Soviet Union struck up with Nazi Germany to divide the globe into spheres of influence. The Soviet Union today on paper admits the right of secession for its constituent "republics" but does not mean this in fact. For instance, when the Soviet leaders contended that the Ukraine was an independent republic with its own Foreign Office, the United Kingdom accepting this at face value tried to establish diplomatic relations with Ukraine. It is needless to add that Ukraine does not have a Foreign Office or anything with a semblance to it. Ukraine nevertheless has a seat in the United Nations which is supposed to be a body of "independent, sovereign States".

The Society for Defence of Freedom in Asia sometimes injures a good case by overstatement. But possibly the temptation to do this is great in a country which has never been conscious of Soviet Imperialism while being very conscious of Imperialism which came over the seas.



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A DELHI DIARY

MYSTERY PLANE

IT is difficult to say which event has predominated, the joyous welcome given to Col. Nasser, Egypt's Prime Minister, or the tragic concern which has been expressed on the crash of the Air India International Constellation "Kashmir Princess" on Monday afternoon. The news that the People's Republic of China had warned the British authorities of suspected sabotage has naturally awakened a great deal of interest in New Delhi. No one asserts that there was in fact neglect at Hong Kong. Certainly, however, the matter is of interest and people are asking what precisely was the information in the hands of the People's Republic. There has been an interesting consequence and that is that the journey of Mr. Chou En-lai, Prime Minister and Foreign Minister of China, to Rangoon was kept secret. An Indian Skymaster, previously reported to be standing by at Kunming, has since brought him safely to Rangoon. Has the Chinese Government information covering Kunming and Hong Kong? If so, it would appear that the arm of foreign saboteurs stretches very far. This is, perhaps, not unusual because the excuse for failures in Communist countries is often foreign sabotage, from which I deduce (I hope logically!) that, according to the Communists, foreign agents must be powerful within Communist countries as well as on their periphery!

A gathering estimated vaguely at between 400,000 and 500,000 thronged the Ramlila grounds on Wednesday for the civic reception given to Col. Nasser, Egypt's Prime Minister and Sardar Mohammad Naim, the Deputy Prime Minister of Afghanistan. The organisers of this reception are to be congratulated on the manner in which the vast gathering was handled. The rostrum was an imitation of the central feature of the Diwan-i-Am from the Red Fort. It was a faithful replica, most happily executed. But was there not a touch of irony in the fact that the representatives of the people have now taken over the seats of honour in a replica of the Moghul audience sanctum? I do not think that any of the distinguished persons present would like to be told that they were holding court or they were functioning in any of the ways which seemed natural to the great Moghuls; yet the comparison cannot have escaped observers who have a sense of history. Was not this the twentieth century version of the Diwan-i-Am?

There have been the most cordial talks between the Prime Ministers of Egypt and India, and Col. Nasser on arrival seemed to indicate that he thought very much on Indian lines. He told pressmen that Egypt having suffered long from domination wanted to complete its revolution. I do not know whether he would describe the Indian revolution as complete. Our own political figures and those who talk of our "socialistic pattern of society" would seem to suggest that it is in a state of suspended animation!

A rousing reception was also given to the Egyptian Prime Minister and the Afghan Deputy Prime Minister when they addressed members of both Houses in the Central Hall of Parliament on Thursday. Both the visitors laid emphasis on the desire of their peoples to maintain peace and seemed confident that the Bandung Conference would prove beneficial to all nations. Col. Nasser won applause in particular for a paragraph which (with due respect!) I find difficult to understand. It reads:

"No matter how ruthlessly some Big Powers may compete with each other in the preparation and manufacture of destructive weapons, it should on no account discourage our nations believing in their peoples' right to survive. As a matter of fact, peace-loving nations, depending as they always did on their faith and moral powers, must be assured that working together in a spirit of co-operation they contribute effectively in the building of world peace."

But I fear that much peace talk in this portion of the world is becoming a little platitudinous. Is some of it failing to convince? I fear so. There are reports from Bandung that all is not entirely well there. Yesterday the Cold War made its appearance within the Conference area. It does seem that Bandung is not going to reach a resolution on peace very peacefully!

THE PUNJAB NATIONAL BANK

The reception at the Ramlila grounds conflicted rather unhappily with the celebrations for the Diamond Jubilee of the Punjab National Bank which was arranged at the Ferozeshah Kotla grounds. Pandit Govind Ballabh Pant was the guest of honour but it was obvious that the Bank's guests on this occasion counted in places of honour not merely political figures but a large number of clients of all shades of opinion and income. It was a memorable occasion and even emotionally so as one felt that the Punjab National Bank, which has now grown into a mighty tree, sprung from a seed which was planted about the same time as the All-India National Congress in the nineties of the last century. Mr. Shanti Prasad Jain, Chairman of the Board, indicated that the Bank had started with a capital of Rs. 20,000 and employed nine persons at a total establishment expenditure of Rs. 320 per month. At present the Bank employs 6,500 persons and the establishment expenditure exceeds Rs. 11 lakhs per month. I am not sure whether this corresponds to arithmetical or geometrical progression or whether it contains that recent monster called the exponential curve. There ought to be not a few who will be encouraged by this illustrious example to start from small beginnings in the hope that they might emulate the Punjab National Bank's achievements. I am seeking out eight good men and true with whom to start a similar bank. I am quite willing to set down Rs. 320 as establishment charges for one month or even twelve times that sum. Will there be eight men today who will share a beginning as small as that of the Punjab National Bank? I doubt it. Is that not the real difficulty in starting similar ventures at the present time that no one is really interested in a very small beginning? However that may be, everyone will give to the Punjab National Bank his warmest congratulations on this happy occasion.

I will make only one remark on Pandit Pant's speech. It rolled on in classical and unmistakable Hindi until it came to the words "capital formation". They effectively defeated the Home Minister, who used the English equivalent without even its proper Hindi apology!

ARGUS.

Special Articles

REAL WAGES MOVE HIGHER

THE fact that the industrial worker in India is not only better off than before but is also able to enjoy a better standard of living than the average citizen is proved by a statistical study of his earnings since Independence. India's industrial labour, which aggregated 1.4 million in 1939 has now grown to over 2.5 million in perennial industries. The total wage bill, as it relates to workers (employed in factories) drawing wages below Rs. 200 per month (excluding those employed in railway workshops) has risen from Rs. 35.30 crores in 1939 to Rs. 206.50 crores in 1953. Table I below shows that, in respect of certain representative States, the average annual earnings of industrial labour (excluding railway workshops) have shown a remarkable rise from 1939 to 1953 (up to which official statistics are available).

In an illuminating analysis of workers' earnings, the Employers' Association of Calcutta has pointed out that an increase in the average annual earnings has come about in every branch of industry, though it is more pronounced in the case of particular industries. Textile labour, for instance, has improved its earnings from Rs. 293.5 in 1939 to Rs. 1,122 in 1952, while the earnings of engineering labour have gone up from Rs. 263.5 in 1939 to Rs. 1,371.3 in 1952. All in all, money wages have increased considerably and to such an extent that the increased cost of living has been more than offset. What is more striking, the average annual earnings of the industrial worker are several times the per capita national income. Even with a higher agricultural production and relatively remunerative prices, the per capita national income is only Rs. 272 against the average annual income of a factory worker of Rs. 1,121, or over 4 times the per capita national income.

The indices of real earnings (base: 1944=100) obtained by deflating the indices of earnings (on base shifted to 1944=100) by the all-India cost of living index numbers are presented in Table II.

It will be seen that there has been a steady rise in the index of real earnings, year by year, since 1945. Particularly noteworthy is the rise in the index of real earnings in 1952, because while the index of earnings moved up appreciably, there was actually a fall in the all-India cost of living index during that year.

In assessing the real earnings it has to be borne in mind that the cost of living indices have their limitations and that, if at all, they underestimate the extent of increase in purchasing power. Further, with the substantial increase in food production and in industrial output, coupled with the recent significant fall in agricultural prices, the industrial labourer can certainly look forward to a still higher standard of living with a larger consumption of food, clothing and other necessaries of life.

TABLE I

Average Annual Earnings of Factory Workers Drawing Less than Rs. 200 Per Month (Selected States)

(Rupees)

States	1939	1947	1948	1949	1950	1951	1952	1953
Bombay	370	978	1,142	1,210	1,170	1,271	1,339	1,346
Punjab	296	628	676	859	771	756	806	891
U.P.	236	673	887	993	933	960	1,003	1,019
West Bengal	249	568	724	839	876	942	987	964
Delhi	309	878	1,047	1,028	1,061	1,293	1,341	1,312
Part 'A' States	..	702	881	986	966	1,031	1,109	1,106

TABLE II

Index of Real Earnings (1944=100)

Year	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
General Index of Earnings	100	99.7	103.2	125.3	150.4	168.4	165.4	176.5	190.8	206.4
All-India Cost of Living Index	100	100	106	120	134	138	138	144	141	146.3
Index of Real Earnings	100	99.7	97.4	104.4	112.2	122.0	119.9	122.6	135.3	146.4

A TARGET FOR ROADS

LAST week the "Capital" and the "Statesman" carried exhaustive reports of a semi-official confidential draft outline of the second Five-Year Plan. This draft seeks to explain the physical and financial targets within the limits of the outlay of Rs. 5,600 crores which is a possible ceiling for the next Plan. Its inadequacy to provide the requisite resources for the expansion of industry on a vigorous scale and to secure the development of related components in a proportionate degree have been amply shown in the course of the last few months. The restrictive consequences of this modest view of the size of the outlay are distinctly seen in the scheme of the official draft in the case of the transport component. It would appear from the trend of the discussion on the coming Plan that a fair measure of attention has been given to the requirements of the railways and shipping, but the claims of the road development programme do not seem to have been examined in the light of their full implications. The official draft has confirmed the fears that road development would be given a raw deal.

This draft outline does not assess the requirements of the individual sectors of the transport component in financial terms and leaves this important question to surmise. The financial allocations for the different components, estimated in the draft, are tabulated below in the order of their magnitudes.

Allocations of Outlay in the Second Draft Five-Year Plan

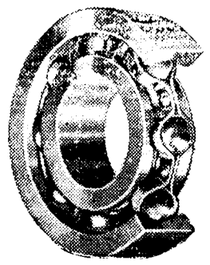
	Outlay in crores of rupees	Percentage share in total outlay
Industry	1,400	25.0
Construction	1,350	24.0
Agriculture, Irrigation, Flood Control, Community Projects, etc.	950	17.1
Transport and Communications	900	16.1
Electricity	500	8.9
Stocks & Miscellaneous	500	8.9
TOTAL	5,600	100.0

The lumping together of the expenditure on transport and communications comprising varied forms is difficult to relate to the physical targets not all of which have been set out in the draft. It is, however, possible to arrive at the allocation intended for railway development. There are three positive indications, in terms of physical targets, which leave no doubt that Prof. Mahalanobis has accepted the Railway Ministry's programme of an outlay of Rs. 800 crores on the development of the railways. First in the order of importance, he has assumed an increase of 40 per cent in the freight ton-mile index with the final year of the present Plan as the base. This is the minimum which the railways must attain if the full pressure of traffic is to be met, assuming, of course, that road transport will contribute its increased share of capacity. Next, he has made provision for an increase of 30 per cent in the passenger-mile index over 1955-56. Finally, he has conceded that new construction of railway lines must envisage an addition of 3,000 miles to the existing route mileage. To allocate anything less than Rs. 800 crores to the railways will inevitably lead to an acute shortage of transport resulting in the retardation of the progress of the Plan in every other sector.

Outlay of the above order on the railways leads to a vital conclusion and brings into bold relief the central flaw in this planning for the expansion of the remaining forms of transport and of the whole of communications. It leaves a residuary amount of merely Rs. 100 crores for all the components excluding railways. In the current Plan a very conservative allocation of Rs. 250 crores has been made for the development of roads, shipping, civil aviation, ports and harbours, posts and telegraphs, broadcasting, overseas communications and meteorological services, which between them account for the remaining sectors of transport and communications. Excepting for the first two, there is no mention of the estimates of physical targets of these components. In so far as the physical targets for roads and shipping, accepted in the draft outline, are concerned, their financial effect does not appear to have been estimated in making the composite allocation of outlay. Addition of roads to the tune of 20,000 miles would involve investment of about Rs. 400 crores, which is four times the residuary allocation. The increase of 900,000 GRT, prescribed for the expansion of shipping, will consume the whole of the balance of Rs. 100 crores, leaving nothing for the other projects. If the physical targets for shipping and roads are ignored, development of transport and communications, excluding railways, will receive financial resources equivalent to a mere 40 per cent of what has been provided in the first Plan. Is their expansion really intended to be planned on such a drastically reduced scale?

It is obvious that the share allotted to transport and communications in the draft outline cannot be sustained on any test of adequacy, having full regard to the scale of development in the remaining parts of the Plan. It is also obvious that Rs. 800 crores represents the irreducible minimum of the expenditure on the expansion of railways. Leaving aside the requirements of shipping or civil aviation which have been fairly scrutinized already, the assessment of the development outlay on road expansion seems to be imperative in view of the insufficient thought that has been devoted to it so far. Here some basic factors need emphasis. Road transport has been subjected to a considerable degree of rigid regulation in the name of road-rail co-ordination. This policy of restriction owes its origin to the expediency of diverting traffic to the railways, but the consequences of the limitations imposed on road transport through the administration of the Motor Vehicles Act during the last fifteen years have not been properly realised. There has been a regrettable reluctance to change the policy on transport and it was not until recurring crises in railway transport and the deterioration in the employment situation exerted their pressure that the urgency of liberalising the policy on roads was recognized. Because railways by themselves will not be adequate to the task of providing all the transport facilities for which an ever-increasing demand is bound to be created and also because road construction will expand the immediate scope for employment in the non-urban areas, the development programme for roads commands an important place in the next Plan.

The mileage of the road system in this country, at the beginning of the second Plan, has been estimated to reach the total of 33,000 comprising 12,500 miles of national highways and 20,500 miles of State roads. The development programme in the current Plan has provided for an outlay of Rs. 115 crores for the nation's road system and it includes, in addition to improvement, renovation, bridge construction and projects under execution at the end of the Plan period, an addition of 650 miles of national highways and 3,000 miles of State roads. It would appear from a broad breakdown of the outlay for different schemes that the cost of construction of roads has been assumed approximately at an average of Rs. 20 crores per 1,000 miles. Prices in the period of the next Plan can be safely assumed to rule at current levels, and if any variation takes place, they may tend to rise. On the basis of the cost estimate in the present Plan, an outlay of Rs. 250 crores on new roads would secure extension of the road mileage by 12,500 miles. This is to be distributed in the proportions of 3,000 miles of national highways and 9,500 miles of State roads. The extension of road length to be secured will be of the order of 25 per cent for national highways and 50 per cent for State roads. In addition to this outlay, Rs. 50 crores will be needed for other road projects including notably village roads. A substantial part of their cost can be expected to be met in the form of the contribution of voluntary labour. A total provision of Rs. 300 crores on roads represents an increase of 160 per cent over the allocation in the present Plan and it should meet reasonable requirements in the next five years.



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AIDS TO ENGINEERING INDUSTRIES

THE second Five-Year Plan will demand a proportionately high share of contribution from the engineering industries to the progress of industrial production in general. This is quite implicit in the projected emphasis in the next plan on industry. At present there is no doubt that some of the units in engineering industries find as much as half of their installed capacity lying idle, but at the same time it is also true that the order books of many others are full. Apart from this prevailing situation, if a longer view of the future of the industry is taken into account, it should be clear that a phase of expansion awaits it. Many of the units stand in need of modernizing and expanding their equipment. These factors call for a critical analysis of the requirements of the industry to meet the challenge of expansion which is being posed. In his presidential address delivered at the last annual general session of the Indian Engineering Association the other day, Mr. K. Chatterton devoted the larger part to a survey of the requirements of the industry for development.

The flow of capital in the engineering industries is not as adequate as indicated by the requirements of the changing situation primarily because of the rigid attitude which the Government has taken on the fair return on investment. This attitude is usually reflected in official determination of prices for supplies of goods to Government on the assumption of certain definite ideas. Proceedings at the industrial arbitrations also disclose a similar narrow outlook on the quantum of return. As a rule, a return of 6 per cent on the issued capital and of 2 per cent on the reserves is presumed to be adequate. In practice it is certainly not so. It ignores the implications of the risks involved in producer goods industries like the engineering industries. The progressive industrialist of today does not by any means aspire to secure extravagant dividends, but the need for a sufficient margin of profit which will enable him to meet the demand of the higher cost of fixed assets, surely requires that the reasonable rate of return should be assumed at a higher level. Failure to appreciate this vital factor is probably a major obstacle to the inducement of sufficient capital to enter engineering industries.

The Government's policy on customs duties has bred various anomalies which have operated adversely against the interests of domestic production on not a few occasions. In several instances the duties on raw materials and semi-manufactured materials are pitched at a level much higher than the level for duties on finished goods. This pattern of duties makes it more attractive and economical to import manufactured goods and discourages patronage to indigenous enterprise. Mr. Chatterton is also critical of the policy of the Government in the matter of purchase of stores and as a specific instance of this grievance he has laid stress on the recent experience of engineering industries in this country with regard to the equipment required for the irrigation and hydro-electric development projects. The lack of planning sufficiently in advance and of inter-departmental co-ordination has very often resulted in creating situations of urgency for short-term deliveries and usually they have diverted orders to manufacturers abroad. It would, however, be difficult to see the precise force of the contention of Mr. Chatterton regarding price preference to indigenous enterprises.

Expansion of engineering industries by its very nature must generate an increasing demand for technical skills. At the present time the supply of technical persons is much short of the rising demand and this handicap is experienced to the great inconvenience of the units in the case of the supervisory staff. The greater part of facilities for technical training is provided by the Union and State Governments at all levels and to this should be added the efforts of the governments in providing grants-in-aid to privately operated institutions. The Director General of Resettlement and Employment has been charged with responsibility to run training centres as an effective measure to counter unemployment. It is plain that with the deliberate change in the bias of the system of education for technical training and with the allocation of larger funds to finance more technical institutions, facilities for this kind of training will be enlarged. But Mr. Chatterton emphasizes that the willingness of the Government to share the increasing burden of responsibility in this specific sphere is not matched by the readiness of private enterprise to contribute its share. Facilities by way of apprenticeship schools and classes which are provided at present in certain big factories are marginal and there is pressing need that apprecenticeship training should be provided on a much larger scale by industrialists at all levels.

Enlightened captains of industry are quite alive to the changing temper of the time and they fully appreciate the need for giving a liberal deal to labour. But the spate of labour legislation which has been pushed through the legislatures in the short period since Independence is based on the unwarranted assumption that the management is impervious to the demand for better working conditions. This attitude has given rise to a considerable degree of hardship. In the case of the engineering industries the uniform approach in the matter of new legislation to temporary and permanent labour has caused considerable injury to the progress of the units. As a result of the rigid type of legislation, management has been deterred in several instances from undertaking expansion of output to meet the temporary pressure of demand for fear of long-term financial burdens which it may entail. This attitude behind the legislation has eventually operated against the interests of labour also by restricting the expansion of employment opportunities.

Official policy is quite reasonably expected to create climate conducive to the growth of engineering industries in common with the growth of industry in general. In creating that climate, aids will have to be provided by removing handicaps and offering facilities in the directions indicated in the foregoing analysis.

IMPERIAL BANK AND COMPENSATION

By
CROESUS

AT a largely attended special meeting of the shareholders of the Imperial Bank of India on March 31, 1955 in Bombay, a resolution was unanimously adopted protesting against the Union Government's decision to assume effective control on the Imperial Bank of India without giving an opportunity to the Bank and its shareholders to express their views thereon before the decision was taken and emphatic-

ally urging that compensation payable for the purpose of acquiring the shares should be based on the average market value of the shares over a fair period prior to February, 1948, when, for the first time, Government's intention to nationalise the Bank was made known, which led to an artificial depression in the prices of the Bank's shares. The resolution further stated that the compensation decided upon should be given to all shareholders without any discrimination, either in the form of full cash payment or, if that was not possible, in the form of Government securities giving an yield approximately equivalent to the dividend (16 per cent per annum free of income-tax) that the shareholders have been receiving from the Bank for several years now. The resolution further asked Government to pay up the compensation within a period not exceeding three months from the date of taking over. A shareholders' standing committee of four members, consisting of Messrs. Dhirajlal Maganlal and H. T. Parikh, Joint-Secretaries of the Bombay Shareholders' Association, Dr. R. C. Cooper and Mr. Daruvala, was also appointed to take such action as might be required from time to time in consultation with the Board of Directors and the Managing Director of the Bank to safeguard the interests of the shareholders. Copies of the resolution were asked to be forwarded to the Government of India and to the Reserve Bank. Before the resolution was duly proposed and seconded and thrown open for discussion, Sir Vithal N. Chandavarkar, President of the Bombay Local Board of the Bank, who was in the Chair, traced the history, growth, and contribution of the Imperial Bank. At the same time, because the meeting had been specially called for it, he dealt with the specific question of nationalisation of the Bank and made a few pertinent observations which deserve to be recorded.

After recalling briefly the history of the move on the part of the Government of India to nationalise the Bank, commencing from the statement made by the late Sir Shunmukam Chetty, when he was Finance Minister, in February, 1948, Sir Vithal made the point that, inasmuch as Government had no longer any criticism to make against the Bank either in regard to the policy followed by it or the manner in which the Bank's affairs were conducted, it came as a complete surprise to the Board when they were made aware of the Government's present intentions only by the Press note of December 20, 1954. This, he disclosed, was the first intimation that the Board received on the subject. "It is a matter of great regret", he complained, therefore, "that no prior reference whatsoever had been made to them in regard to a scheme with such far-reaching consequences for the Bank, in spite of assurances given in the past that the Board would be given an opportunity to express their views before action was taken on any proposal which might affect the Bank".

Referring to the specific proposals contained in the Report of the Committee of Direction of the All-India Rural Credit Survey—or the Gorwala Committee for short—he went on to observe:

"The Imperial Bank is the largest Indian joint-stock bank providing full banking facilities to the private sector and while the needs of capital formation and the provision of short-term credit facilities to that sector have been stressed over and over again, Government's decision at one stroke to assume effective control over the Bank can only cause serious misgivings regarding the future of the private sector in the country. The decision is all the more startling, because, in its several references to the Imperial Bank, the Committee of Direction has nowhere found that this Bank has failed in the performance of its duties. On the contrary, the Report appears to suggest that, as the Bank is so efficiently managed and has so many branches throughout the country, it affords an ideal nucleus for the formation of a State Bank."

If this is the logic underlying the assumption of control of any undertaking by the Government it seems to me that it does not pay to manage an undertaking efficiently and have a country-wide network of branches. All this while, I thought that mismanagement, as had been alleged in the case of certain undertakings, would be the only ground on which Government would step in and take over control of an undertaking. It is difficult, therefore, for anyone fully to anticipate the circumstances or the considerations that may prompt the powers-that-be to take over any going concern.

Be that as it may, although the Gorwala Committee has paid compliments to the Imperial Bank and its efficient management, more especially so by observing that it affords an ideal nucleus for the formation of a State Bank, it is doubtful how far the Bank will succeed in its proposed new role of having to provide credit facilities in rural areas and developing co-operative banking, unless there is a thorough reorientation in the entire existing personnel, management and policy of the Bank. The Bank has all along been engaged, it must be remembered, in commercial banking where the standards and criteria adopted are altogether different from those that are peculiar to co-operative banking. Because of the hidebound rules and the rather strict co-operative code, there will hardly be any scope for the free play of initiative and manoeuvrability which are the very ingredients of success in the case of a commercial bank. If only because of this consideration, I feel, the demand put forward by many a shareholder at the meeting that Government would be well advised to create a separate State-aided bank to provide agricultural credit and assist co-operative banking is not only fully justified but also the right thing to do.

Since the nationalisation proposal affects a large number of individuals and institutions, it is not surprising that there were several speakers on the resolution, which was formally moved by Mr. Dhirajlal Maganlal. A number of inconsequential amendments seeking to change the wording of the resolution were moved, but none of them, save one substituting the words "emphatically urges" for the words "earnestly requests", was accepted. However, one of these amendments took the solitary view that, since a decision had already been taken by Government to nationalise the Bank, there was no use crying over spilt milk and that shareholders should concentrate now on getting the maximum quantum of compensation. As a matter of fact, the burden of the song of nearly all the shareholders who spoke on the occasion was that the compensation proposed in the Government Press note dated December 20, 1954, was highly unfair. The Government was, therefore, asked to base the compensation amount on the average market value of shares over any fair period prior to February, 1948. For, assuming that the proposed compensation amount would come to around Rs. 1,760, Mr. Dhirajlal pointed out, prior to February 1948, the share value was Rs. 2,280 (in January, 1948), which steadily declined to Rs. 2,250 in the following month, and later on to Rs. 1,740. In his opinion, therefore, the price of the share after 1948 did not reflect its real intrinsic value.

If I may digress here a little, it is true Government has taken a decision, perhaps even an irrevocable decision, but this should not deter any section of the public that is adversely affected by the decision from at least registering its protest. For, if no protest is made, that may not only encourage the authorities to take similar drastic decisions non-chalantly in the future but will come in handy to be quoted as a precedent. Perhaps it may even be construed—albeit naively—as amounting to tacit consent of the public.

To revert to the proceedings, Mr. Dhirajlal made another point yet, namely that Government were wrong in treating all shareholders and investors as belonging to that presently condemned tribe, viz., the capitalists. Many of the shareholders of the Imperial Bank, he observed, were people of moderate means; quite a few were trustees and poor widows who depended entirely on the dividend income from these shares. Quoting a letter from a trustee in Surat which has been sponsoring several charities and running a hospital, he said, these trustees stood in danger of having to close down the hospital and winding up their charities if, for any reason, government chose to award, by way of compensation, an amount which was such as not to yield to the trustees the same income as it has now been getting from the yearly dividend of the Bank.

It is significant that more than one shareholder wanted Government to take a leaf from the nationalisation of the Bank of England which, they particularly stressed, was effected under the Labour Government, a Government certainly of no less socialist persuasion than the present Government of India. The consensus of opinion seemed to me to be that, if the same practice as was adopted in the case of the Bank of England were followed in this case also, there would be no dissatisfaction.

"Once bitten, twice shy" is a too oft-repeated adage, but that sums up the experience of almost everyone, not excluding an investor in shares of joint-stock companies. In the light of the experience—still too fresh to be forgotten—of shareholders of the municipalised BEST undertaking at the hands of the income-tax authorities, it is no wonder that many shareholders of the Bank demanded an assurance from government that there would be a specific stipulation that the compensation received would not be subject to income-tax, more or less on the lines of the informal undertaking said to have been given by government at the time of the nationalisation of Air Companies. Mr. J. D. Chokshi, one of the directors of the Bank, however, disabused the wrong impression of the shareholders on this question and helped to clarify the position. He explained that shareholders would not be required to pay any tax on the capital appreciation of their investments, but share dealers would be. In other words, if, for example, shareholder A got a compensation of say Rs. 10,000 against his investment in the shares of the Bank of about Rs. 5,000, he would not be required to pay tax on Rs. 5,000, the difference; a dealer in shares, on the other hand, would not get this benefit, but would be called upon to pay tax on the difference—a new version of the capital gains tax.

To resume my account of the proceedings, Mr. H. T. Parikh expressed surprise that government should have taken a decision in such a haste by accepting only a part of the recommendations of the Gorwala Committee and then too for considerations entirely different from those which had prompted the Government of India to think of nationalisation in the first instance. He also rightly objected to the suggestion that the basis of compensation should be analogous to that followed in the case of the Reserve Bank. This is both improper and wrong, said Mr. Parikh, because, unlike the Reserve Bank, the Imperial Bank is a commercial bank. Again, unlike in the case of the Reserve Bank, there is no ceiling on individual holdings of the Imperial Bank shares, nor on dividends. Nor is there any provision, for that matter, for setting apart to government a portion of the Bank's profits.

Many of the other shareholders also expressed consternation that government did not take even the Board of Directors into confidence, but it may not be known to many—so I am told—that, before government made the announcement, the recommendations of Gorwala Committee had not gone even before the Board of Directors of the Reserve Bank! However, the suggestion of Mr. Parikh that the Directors should have been of great assistance in a number of ways if they had been taken into confidence is unexceptionable.

One of the shareholders asked why the Government of India could not start a separate rural credit corporation with a capital of say Rs. 20 crores, to which both the Imperial Bank and the Reserve Bank might have subscribed, if called upon to do so. It was wrong, he said, to nationalise a commercial joint-stock bank with a large amount of foreign exchange and trustee business. He felt apprehensive that, after nationalisation, commercial banking and the financing of trade and industry activities of the Bank would suffer grievously.

Winding up the meeting, Sir Vithal feelingly said that he was presiding over the "funeral" of the Imperial Bank. But he added "We fought valiantly with government to make them accept a formula that we suggested but only in vain". Now that a decision had been taken by a duly constituted government, he appealed to the shareholders not to entertain by bitterness against government. "I cannot allow this opportunity to pass", he said, "without saying that a glorious chapter in the life of this Bank is now coming to a close". Thus was destined to end, it seems, this "very fine instrument of banking" as the present Union Finance Minister described it once.

MORE DRASTIC AMENDMENT

By

CROESUS

FEW expected that criticisms to the Constitution (Fourth Amendment) Bill, 1954, would result in the Bill being made by the Select Committee actually more onerous than the original Bill itself. After the fate that representations in regard to Section 23A of the Income-tax Act met, they should, however, have known better.

Be that as it may, even in the initial form, it was feared that the Bill in question would have had serious repercussions on owners of property generally and of industrial property in particular. But the effect of the Select Committee changes, I understand from a series of discussions with several industrialists and business men here, will be to shake the private sector to its very foundation, completely destroy capital investment in industry, and verily place a ban on the private sector, thereby preventing it from contributing its contribution towards the fulfilment of the Five-Year Plan targets. Some of them even apprehend that it will mean that a number of schemes for setting up of industries, which are still in their formative stages at present, are now destined to be stillborn.

What the business community is afraid of, I am assured, is not the amendment that was originally proposed in order to get over the practical difficulties arising from some of the recent judgments of the

Supreme Court so as to safeguard the regulatory powers of the Government as such. But instead of being content with this limited amendment of the Constitution, the powers-that-be have decided—helped, of course, in the process by an obliging legislature—to place the acquisition of all property rights on the same footing and also to remove, from the purview of the Courts, the question of compensation for all property, including industrial undertakings. Under the provisions of the amended Bill, as it has emerged from the Select Committee, property and property rights of every individual, rich and poor, corporate or incorporate, may, by legislation in the Lok Sabha and, in proper cases, by State legislation, with the assent of the President, be taken over by payment of a nominal compensation. In other words, the position is that the Government can take over any property by passing the required legislation, provided it is for a public purpose and some compensation, even if it be only nominal, is fixed, or even if only the price of, and the manner in which, the compensation is to be determined are indicated. What is more, thanks, again, to the modification effected by the Select Committee, "no such law shall be called in question in any Court of Law, on the ground that the compensation provided by that law is not adequate". In short, instead of softening the severity of the original Bill, the Select Committee has only made it worse, while, at the same time, taking care to retain all its objectionable features.

I refuse to beleive that the Indian business community is either supersensitive or unduly alarmist. If, therefore, it is afraid of these proposed changes, there must be—and, in fact, there are—some very good reasons for it. In the first place, what is sought to be taken by the Government is an overwhelmingly important power and there are few free countries, if any, where such powers are entrusted to Government without proper safeguards. There is some safeguard or other against the acquisition of proprietary rights, say by providing for payment of fair compensation (interpreted, in many cases, to mean compensation at market value) and by affording the person deprived of property the right to appeal to the Courts to protect his proprietary rights under the law, in the Constitution of practically every democratic country. Whether it is the U.S. Constitution or the Constitution of some Continental countries or of Britain, we can find this provision carefully included in some form or the other. Every country has also made certain to empower its judiciary not only to interpret the constitutional provisions in respect of acquisition of property and payment of compensation but also to enquire into even the action of the executive in the matter of acquisition of property so as to make doubly sure that the relevant provisions in the Constitution are not violated under any circumstance. If it is conceded—and our Constitution does it undoubtedly—that it is a fundamental right to hold property and that no person shall be deprived of such property save under certain circumstances as defined in the Constitution, it is not clear why the executive should fight shy of its action being challenged in an open court of law.

Then there is the second danger of the Government of the day—one cannot be sure of having the same kind of government or the same party in power for all times—taking advantage of the proposed amendment to introduce any legislation to suit its political persuasion or ideology in such a way as to make it possible for all undertakings in the private sector to be taken over without paying any compensation whatsoever. This is no illusory fear, for some opposition members in the Lok Sabha have actually urged such a course.

It might be argued that such an eventuality might be averted by again amending the Constitution, if need be. This is small comfort though, because the party in power, even if it is conceded it will continue in power, cannot always be assured of a safe majority for all times so that any amendment it wants may be passed by the legislature at any time. Moreover, it should not be forgotten that, with every year that passes, we are approaching the end of the first ten-year period, after which it will be very difficult to amend the Constitution because of the rigorous provisions in the Constitution itself governing amendments that would come into force.

Then, again, so long as the present leadership, in particular, Prime Minister Nehru, is in power, one can perhaps feel assured that, however drastic may be the power vested in the Government, the said powers will not be used unless there is an extreme provocation therefor; in other words, we may safely assume that the present Government will not abuse these powers. But herein also lies the weakness of the constitutional position. Any other party or government might use these drastic powers to suit its own ends, in particular, compulsorily to acquire industries in the private sector in conformity with its particular political philosophy without payment of any compensation. In short, the Constitution (Fourth Amendment) Bill 1954, as reported upon by the Select Committee, offers great scope for abuse in the hands of those who may be so inclined.

It is, therefore, necessary to review the position, so as to reduce this scope for mischief in the hands of any government, especially a future government by political parties other than the Congress. This is also necessary in view of the serious misgivings that the proposed amendments have given rise to in the minds of foreign entrepreneurs in particular and foreigners generally, from whom the Government of India still expects and wants to receive financial assistance by way of capital in the form of mining, machinery or managerial skill. Since there would appear to be no difference of opinion between the authorities and the public as to the broad lines on which an amendment of the relevant article of the Constitution is called for, I do not see any reason why a simple amendment, providing for payment of fair and adequate compensation for the acquisition of property, including industrial undertakings (except—for these are on a different footing—zamindaris and special tenures) subject to review by the judiciary, if need be, cannot be effected. It may interest those in power to know that, since the resolution on the socialistic pattern of society was adopted at Avadi by the Indian National Congress, many people have reconciled themselves to accepting fair and adequate compensation which, they even say, need not necessarily be the full market value in all cases!

In conclusion, I must refer to one particular effect of the proposed amendment of the Constitution. It is the drying up practically of all investment interest in the share markets. Since the Select Committee report saw the light of day, the charm of large shareholding, which at least assured voting rights hitherto, seems to have lost its fascination altogether, and that amended Section of the Income-Tax Act—Section 23-A—has, if anything, added fuel to the fire in this behalf. If, as has been suggested, shareholders are liable to have even their voting rights abridged at any time at the discretion of the executive, all that remains for an ordinary shareholder in a Company is what is euphemistically called "equity right," which only means that he may be called upon to bear an extra liability pro rata and to forgo even this apology of an equity right on payment of a nominal amount by way of compensation. For nothing prevents the Government, under the proposed changes, to offer any price it pleases by way of compensation and take over the Company of the shareholder —since, in any case, it cannot be questioned in any court of law. At this rate I cannot blame a wag who had the cheek to tell me: "Believe me I am no Rip-Van-Winkle. But I feel like rubbing my eyes as one waking from years of slumber and asking: 'Are we still in the sovereign Democratic Republic of India?'"

BUSINESS NOTES

AMENDING THE SEA CUSTOMS ACT

THE SEA Customs (Amendment) Bill is by no means such an innocuous measure as could be assured of smooth passage. Clause 14 of the Bill which seeks to make a radical departure from the basic principle of criminal jurisprudence as regards the burden of proof has quite understandably provoked a storm of opposition. This clause aims at shifting the onus of proof from the prosecution to the accused regarding the bona fide possession of goods seized from him on suspicion of smuggling. But for a solitary exception, not a single member of the Lok Sabha has found it possible and rational to lend support to this particular clause. The virtually unanimous opposition represents all shades of political opinion in the House. In fact, the proposed amendment to the Clause, which seeks to put the onus back on the prosecution, comes from Pandit Thakurdas Bhargava.

The major objections to the change in the burden of proof, apart from its complete variance with the accepted principle of criminal jurisprudence, are that in practice it will place a potential instrument of harassment in the hands of the customs authorities and that it will tend to encourage corruption. These objections cannot be dismissed lightly as superficial charges and there is a real risk that, far from facilitating detection of smuggling, the amendment will result in the persecution of innocent persons. Mr. A. C. Guha, Minister for Revenue and Defence Expenditure, attempted to allay the apprehensions of the House with an assurance that departmental instructions would provide a check against abuse of the power. At best such instructions will be a feeble check, not normally operative. The Minister's main defence of this drastic change was the exigency arising out of the compulsion to take severe measures against the smuggling of gold. The figures of detection and seizure of smuggled gold during the last three years quoted by the Minister provide proof, in one sense, that vigilance and energetic drive on the part of the customs staff can succeed in bringing anti-social elements to book. The specific case of smuggling of gold calls for a deeper analysis of its causes and the remedies to cure it precisely because it is operating on an extensive scale. Gross disparity between the global and Indian prices of gold has been fostered by the Government's rigid import policy. Howsoever desirable it may appear to be to liquidate the traditional habit of hoarding and to maintain the flow of gold at a modest level, the pressure of potential demand cannot be suppressed by legislative measures. A liberal policy of regulating futures trading under the control of the Forward Markets Commission promises to give a healthy tone to the trade.

DOCK LABOUR

CRISIS CONDITIONS in dock labour have reared their head in Calcutta and the situation that is prevailing for some weeks past characterises the recurrence of a dark phase in the history of this premier port of India. Shipping interests expressed their utter disgust over virtual conditions of "mob rule" prevailing in the port and in a moment of frustration they seemed to have no course open except to stay away, unless firm and decisive action was taken by the Government to clear up the rot. Politics had not a little to do with this serious disorder as is amply borne out by last week's accounts of free fights between labour groups of different trade union labels in the dock areas.

It would appear that Calcutta port's troubles are due more to simmering labour discontent than to the pressure of cargo demanding clearance. This is not a trouble of recent origin and shipping company chairmen's emphatic demands to enforce a code of discipline among dock labour and to restore some balance between wages and output have gone practically unheeded for the past at least two years. Conditions in Bombay regarding clearance of freight are a shade better, but even there port facilities are below normal. A comprehensive investigation into the activities of dock labour, the schemes of recruitment and wages, problems of labour productivity and trade union agitation ought to have been made long ago, as this problem vitally affects the external trade of the country to which the internal economy cannot but be sensitive. It is sad to think that this corrective course was not adopted and authority had to be shaken into the awareness of the gravity of the situation by an ultimatum from the U.K. and Continental shipping conferences about their intention to levy a surcharge on all cargo involved in shipping operations at Calcutta and Bombay, if conditions at the docks did not improve before the end of May next. The Union Transport Ministry is now appointing a high-power committee of investigation to go into all the aspects of this question. Past experience, however, underlines the warning that there can be no stable improvement unless a determined policy is brought into play to ensure reasonable conditions as regards methods of recruitment, discipline in the docks, wages and output.

PRODUCTION AND CONSUMPTION

CURTAILMENT IN the rate of spending as a means of increased saving and investment has frequently been suggested by influential circles in Parliament and by official spokesmen. While the objective is admittedly laudable, it could be asked whether, without increasing the present per capita income of hardly Rs. 265, curtailment of consumption would not mean greater hardship to the large masses of our people who are already living on bare subsistence levels. Analysing the implications of this issue, Mr. G. D. Binani, in the course of his recent address to the annual meeting of the Indian Chamber of Commerce, Calcutta, pointedly remarked that imposition of restraints on consumption would necessarily act as a curb on living standards and that it was only with a dynamic leadership and boldness of conception that the country could hope to loosen the grip of poverty which holds the masses, and achieve the goal of greater production, fuller employment and increased national income. The socialistic pattern of society, by which every Congress man swears now-a-days, does not mean distribution of poverty but the betterment of the life of the common man through raising the level of income by increasing production, consumption and the pace of investment.

The Taxation Enquiry Commission has suggested checks on the propensity to consume through higher taxation so that more is made available for investment. This assumes that the level of income is something static. As Mr. Binani has pointed out, this is not the right approach to the problem and hardly fits in with an economy like ours. Ours is a problem of expanding economy. The levels of income have to rise fast enough, and this will not be possible without raising the level of production and consumption. When incomes grow as consumption grows, it would be possible to provide for more investment. Without an exchange of production through a corresponding rise in consumption, it is neither possible to raise production nor to expand the economy or push up the rate and level of employment.

INADEQUATE STATE SPENDING

THE VIEW that any restraint on consumption under existing conditions would bring about a contraction in economy and result in curtailment of production is supported by another leading spokesman of industry,

Mr. L. N. Birla, who told the Rajasthan Chamber of Commerce the other day that the inability of the masses to purchase goods that were currently produced "is a signpost for guidance in the future planning of the country". In this context, it is worth while considering the marked decline in agricultural prices which, if continued, would result in a serious fall in the purchasing power of our rural population. Already this has reflected in a buyers' resistance in certain commodities and, if there is a continued fall in consumption, the rate of the country's development would be inevitably retarded.

This brings us to the question of governmental spending on development projects. A quickening in the tempo of industrialisation would, no doubt, open out new avenues of employment, but the task cannot be achieved in the near future unless governmental spending is kept at a much higher pitch than hitherto. So far, the rate of State expenditure has not been of the order which could have created any significant impact on the country's economy. The increase in agricultural and industrial output, so far achieved, has, no doubt, been commendable, but it should be noted that the volume of money supply in relation to the goods produced has not been such as to present any danger of inflationary pressure. The figures quoted by Mr. Birla in this connection are noteworthy. In the three years ended March, 1954, the Central Government and the State Governments are estimated to have spent about Rs. 885 crores, representing only about 40 per cent of the total outlay proposed for the First Plan. Another Rs. 450 crores are estimated to have been spent during 1954-55. Thus, the total would be about Rs. 1,300 crores, or only about 60 per cent of the contemplated expenditure for the period 1951-56. Clearly there is need for much higher governmental expenditure and for adopting deficit financing on a greater scale than hitherto.

KANDLA EMERGES

FEW PORTS in the history of the world have the singular distinction of emerging to the stature of international sea gates within a span of three decades as Kandla. The opening of the new oil jetty at Kandla on April 8 last marks the first phase in its emergence and two years hence—in 1957— its development as a major port of India will be consummated. It made its appearance on the maritime map of India only in 1930 as a minor port and before its selection for transformation into a major port it could boast of only one reinforced concrete jetty with a length of just 300 feet. The new oil jetty thrown open for traffic last Friday is 2,800 feet long. In this first stage of the port there have been constructed four deep water cargo, berths, three transit sheds and four large-sized double-storeyed modern warehouses. Three railway lines equipped with the most up-to-date cranes serve the harbour. A new pipeline 6¼ miles long has been constructed to link the port installation with the shipping berth.

In course of time, Kandla will make full recompense for the loss of Karachi to this country. The new township of Gandhidham is marked out for expansion into a full-sized commercial centre where evacuees from Sind will have a major share in its varied life. Gandhidham is already linked by a new railway line with Decsa, the conversion of the narrow gauge-line connecting it with Bhuj into metre-gauge route was completed last week and a third link with Mandavi may reasonably be expected to materialise. Kandla will serve a vast hinterland stretching out over an area of 2,75,000 square miles with a population of 45 million. The pressure of traffic on Bombay will now be eased and the strain of high transportation costs on the area formerly served by Karachi will be reduced. Kandal's hinterland comprises North Gujerat, Rajasthan, Delhi, West Uttar Pradesh, Pepsu, East Punjab and Kashmir.

INDUSTRIAL CREDIT

THE SUCCESS of the policy of purposeful impetus that is being given by the Government since Independence to agencies for the provision of industrial credit cannot be measured properly by the rate at which State Financial Corporations are being set up. The latest in the list is the Rajasthan Finance Corporation which was inaugurated on April 8 last. Its pattern has been set by legislation, and in major particulars this Corporation's operations will follow the lines already in evidence in several other States where these institutions have been started. The Rajasthan Corporation is launching its career with issued capital of Rs. 1 crore and, to begin with, resources of this order should suffice to meet some of the urgent requirements of medium and small industries in this undeveloped State.

If the limited experience of State Financial Corporations elsewhere is to be taken as a correct indicator, it is too early to be dogmatic about its effectiveness in promoting the progress of industry. Government's financial assistance to these corporations, coupled with the guarantee of dividend on the share capital, has necessitated some measure of regulation of their administration, but the actual extent of regulation is likely to be pushed too far. Considerable inflexibility may be imparted to the procedure for grant of loans. Applicant borrowers, on their part, have not always measured up to the requirements in respect of fulfilling their procedural and other obligations. In effect, the progress of provision of credit has been slow and the resources of the corporations have not been utilised fully and without avoidable delays. If the Bombay State Financial Corporation has felt it necessary to make a departure from the normal policy and offer finance for working capital, it discloses a big amount of idle resources and a keen desire to reduce it to the minimum. Mr. T. T. Krishnamachari, inaugurating the Rajasthan Finance Corporation, issued a strong warning against the retarding effect of rigid policies and exhorted these institutions to take a bold view of their transactions. There can be no acceleration in the progress of industry unless reasonable risks are taken in the provision of credit to genuine creditworthy borrowers. An overcautious policy, which is preoccupied with a conservative estimation of security of the loaned funds, cannot fail to contract the area of the service of the corporations. Mr. Krishnamachari pointed to another danger to the fullest employment of the resources of these institutions which arises from excess of parliamentary control. Its deterrent effect on the expansion of the activities of the Industrial Finance Corporation is not difficult to discern. So far, there have not occurred any instances of such intervention by State legislative assemblies in the administration of the State Financial Corporations, perhaps, because a majority of these have not embarked on any considerable lending operations. But a lesson needs to be taken from the unhappy experience of the I.F.C.

COAL INDUSTRY IN THE PLAN

In view of the vastly expanded field for industry foreshadowed in the second Plan, the Planning Commission has naturally recognised that coal, one of India's most vital basic commodities, should find a conspicuous place in future planning. The coal industry expects to be called upon to expand and increase its output to meet the enhanced requirements of industry. As against the Planning Commission's estimated additional demand of six million tons by 1955-56, the metallurgical industry alone is expected, during the next five and subsequent years, to consume something like 15 to 20 million tons of low-ash coking coal, while the total output to feed industry and railways may have

to be raised to something like 60 million tons. This shows that the industry should, first of all, know beforehand the target of coal production which it would be required to reach during the planned period and thereafter. The very purpose of planning will be defeated unless output is provided for and maintained at the optimum limit. Two spokesmen of industry, Mr. M. G. Chaora, president of the Indian Colliery Owners' Association, and Mr. J. W. N. Baldock, chairman of the Indian Mining Association, have in recent weeks given expression to identical views on this important issue.

Apart from the problem of nationalisation of mines, which hangs as the Damocles' Sword over the industry, Mr. Chaora referred to two factors which stand in the way of increased output, namely, price control and transport bottleneck. The industry must be assured of a reasonable return for the huge capital required to be invested for mineral development which is a wasting asset and, secondly, adequate transport should also be made available for the movement of the output. Spokesmen of industry have repeatedly pointed out that the price cuts made by Government on three successive occasions have rendered many collieries, particularly those mining lower grade coals, uneconomic. It is essential, therefore, that this matter receives the due attention of the Government and something definite is decided upon. The position in regard to transport is equally worrying. Last year the pithead stocks were reported to have gone as high as four million tons, blocking Rs. 5 to Rs. 6 crores worth of stocks of the coal industry. Producers cannot augment their output without being assured of the requisite wagon supply, because coal raised at so much cost but remaining unmoved is coal practically lost. It would appear that the railway authorities have been showing a very unhelpful attitude in this matter. They should remember that, if coal is a basic commodity for the fulfilment of the Plan, transport is virtually a basic necessity, without which the coal industry cannot play its role effectively.

OILSEEDS POWER CRUSHING INDUSTRY

THE OILSEEDS power crushing industry has a legitimate grievance against the extension of the official policy of putting questionable curbs on power-operated industries for the preservation and promotion of the hand-operated sector of identical industries. In so far as this policy aims at imposing a special cess on the power-operated sector to finance the development requirements of the hand-operated sector, exception can be taken to the principle underlying the levy. But specific cases may call for special consideration on the hypothesis that the proceeds of the levy are actually going to be used effectively to invigorate the industry. In such instances the levy may be tolerated as an interim necessity. It has not been proved how the levy of the cess on the oilseeds power crushing industry is justified on this test. The handloom oil crushing industry is so scattered throughout the country and it is so unorganized that it is difficult to see in what manner the benefits of the cess can be made to percolate to the weaker units in the rural areas which would need them most.

The President of the Bombay Oilseed Crushers' Association has opposed the move of the Union Food and Agriculture Ministry to investigate the desirability of reserving specified oilseeds for processing at the village ghanis. This opposition is understandable and apart from its effects on the interests of the power-operated sector, there is the larger issue of the continuous flow of supplies through organized channels at an economic cost to the domestic consumer and particularly to the industrial consumer. The repercussions of this move on the export trade constitute another weighty factor whose importance cannot be minimised. According to the Association's president nearly half the installed capacity of the units in the power-operated sector is now unutilised. This estimate appears to be at best a guess. But whatever the extent of idle capacity, it indicates lopsided growth which would need corrective action by exploring additional sources of expansion of oilseeds crushing. There exists considerable scope for absorbing larger output of edible oils and more commercial uses also may be devised.

BELATED QUOTA ANNOUNCEMENT

Justice delayed is justice denied, says a proverb. The Government of India's belated decision to release for export one lakh bales of cotton of staple length ¾" and below cannot be expected to provide any tangible benefit to the trade. The export trade has, for the past few months, been clamouring for additional quotas on the strength of foreign demand for India's short staple cotton, but authority refused to be hurried. And now, when the world textile markets are facing a slump and competition from cotton exporting countries, particularly from the Middle East, has perceptibly grown—with the result that, of the 25,000 bales of old crop cotton allowed for export previously, not even 2,000 bales could be exported—the Government of India has thought fit to come out with an announcement allowing a new, substantial, quota. The trade has quite naturally received the news with little enthusiasm. Japan, which is known to be desirous of buying Indian cotton, is experiencing keen shortage of sterling, while the U.K. and continental consumers are reportedly marking time for Indian cotton, prices to go down by at least 2d. per lb.

The forward market in Bombay had already discounted the news as was evident from the keen speculative buying witnessed on the few days previous to Tuesday's announcement. Actually the reaction was reactionary, I.C.C. May falling from Rs. 551 to Rs. 543 on Wednesday. The spot market, however, was active and mills, with a keen sense of forethought, had been substantial buyers of Vagad cotton, grown in Saurashtra, the export of which is sought to be encouraged by the Government's stipulation that, of the one lakh bales now allowed, 35,000 bales shall be exported from Saurashtra ports.

THE EASTERN ECONOMIST

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	India	Foreign
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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.

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

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COMPANY AFFAIRS

THE DUNLOP RUBBER COMPANY (INDIA) LTD.

The Directors' report and accounts of the Dunlop Rubber Company (India) Ltd. for the year ended 31st December, 1954, show an increase in net profit (after providing for depreciation but subject to taxation) by about 4 per cent from Rs. 92.88 lakhs to Rs. 96.38 lakhs for the year under review. Sales turnover of the Company is higher up by 9 per cent from Rs. 1,257.95 lakhs to Rs. 1,370.34 lakhs in 1954. The ratio of profit to turnover, however, is lower. The cost of goods sold and selling expenses have gone up and there was a reduction in selling prices.

Provision for taxation has been slightly raised as compared to last year's Rs. 37.50 lakhs; being Rs. 37.75 lakhs this year. Depreciation is higher at Rs. 30.20 lakhs against Rs. 27.78 lakhs in 1953. Transfer to General Reserve, which is meant to provide for expansion of business and employment, too is Rs. 6 lakhs more than last year's Rs. 24.00 lakhs. The rate of Ordinary Dividend at 15 per cent per annum remains unchanged for the last three years. A balance of Rs. 11.89 lakhs has been carried forward, which is Rs. 1.07 lakhs more than that of last year.

Increased production and turnover is reflected in higher current assets, wherein inventories have increased by Rs. 33.2 lakhs and sundry debtors by about Rs. 41 lakhs. A higher balance carried forward and increased transfer to general reserve has caused an increase in 'Surplus and Reserves'. An increase in bank overdraft by Rs. 40.4 lakhs indicates greater working capital requirements, and an increase in sundry creditors by Rs. 10.03 lakhs has resulted out of higher volume of production.

A statement of accounts of the Company for the last three years is given below for a comparative study.

	(In Lakhs of Rupees)		
Year ended 31st December	**1952**	**1953**	**1954**
Assets			
Fixed Assets	154.35	175.17	174.65
Debenture Stock Redemption Fund	7.88	11.96	16.00
Current Assets	574.88	517.70	597.86
Capital and Liabilities			
Share Capital	230.00	230.00	230.00
Surplus and Reserves	132.01	159.83	190.89
Debenture Stock	130.00	130.00	130.00
Current Liabilities and Provisions	245.10	185.01	237.62
Sales	1,297.48	1,257.95	1,370.34
Income from Commission	2.41	2.94	2.08
Cost of Goods Sold	1,066.04	1,022.19	1,120.51
Selling Expenses	67.72	77.10	81.50
Net Profit*	99.68	92.88	96.38
Depreciation	25.93	27.78	30.20
Provision for Taxation	33.05	37.50	37.75
Transfer to General Reserve	39.00	24.00	30.00
Dividend—Ordinary (Per cent)	15	15	15
Balance Carried Forward	7.01	10.62	11.89

* Subject to provision for taxation.

THE CALICO MILLS

The directors' report and profit and loss accounts for the Ahmedabad Manufacturing and Calico Printing Company Limited (Managing Agents: Karamchand Premchand Limited) show about 4 per cent increase in sales of textile and chemical products from Rs. 604.74 lakhs to Rs. 627.56 lakhs in the year under review. As compared to last year the Egyptian cottons were dearer during the year; cost of raw materials, therefore, has gone up from Rs. 262.80 lakhs in 1953 to Rs. 290.33 lakhs in 1954. Salaries and wages have remained somewhat unchanged from Rs. 140.90 lakhs to Rs. 139.97 lakhs in 1954.

The Profit and Loss Account indicates a dwindling of profits due to lower prices of cloth. Net Profit (before providing for depreciation and provision for taxes on income) is Rs. 60.18 lakhs, about 15 per cent lower than the last year's figures of Rs. 71.18 lakhs. Depreciation fund separated out remains unchanged, at Rs. 35.00 lakhs while fund for payments for taxes on income is lower at Rs. 11.00 lakhs as against Rs. 15.00 lakhs last year. A sum of Rs. 1.55 lakhs was received in 1954 by the Company as a post-war E.P.T. refund and was credited to Machinery Fund.

The directors have recommended the payment of a dividend on 'A' Cumulative first Preference Shares, on Diamond Jubilee Cumulative second preference shares and cumulative third preference shares at the rate of 4½ per cent per annum. Dividend on Ordinary shares also remains the same as last year, at about 14.4 per cent. The amount carried forward is Rs. 16.01 lakhs against Rs. 23.51 lakhs last year. The following statement shows a comparative position of the accounts of the Company for the last three years.

	(In Lakhs of Rupees)		
Year ended 31st December	**1952**	**1953**	**1954**
Sales			
Textiles and Chemical Products	619.02	604.74	627.56
Cotton and Yarn Wastes	19.05	19.46	20.65
Salaries and Wages	126.95	140.90	139.97
Raw Materials	323.94	262.80	290.33
Profits	45.68	71.18	60.18
Depreciation Fund	26.00	35.00	35.00
For Taxes on Income	..	15.00	11.00
Dividend on Ordinary Shares (per cent)	14.4	14.4	14.4
Carry Forward	2.87	23.51	16.01

PANDYAN BANK LTD.

The audited accounts of the Pandyan Bank Ltd., for the year ended 31st December, 1954, show about 38 per cent increase in deposits, from Rs. 106.95 lakhs in 1953 to Rs. 148.19 lakhs in the year under review. Investments have more than doubled at Rs. 51.31 lakhs from Rs. 21.86 lakhs last year. Advances stand at Rs. 73.61 lakhs as compared to Rs. 62.32 lakhs last year.

As a result of a rise in deposits, interest paid on deposits and borrowings has also gone up by about 38 per cent from Rs. 2.00 lakhs to Rs. 2.77 lakhs in the year under review. Salaries, allowances and Provident Fund have also increased from Rs. 2.27 lakhs to Rs. 2.65 lakhs. Interest and discount earnings have gone up by about 12 per cent from Rs. 5.67 lakhs to Rs. 6.72 lakhs in the year under review. Income from Commission Exchange and Brokerage too has increased from Rs. 1.41 lakhs to Rs. 1.39 lakhs.

The profit and loss account shows a profit of Rs. 2.53 lakhs (before providing for taxation) as against Rs. 2.45 lakhs last year. Provision for taxation has been placed at Rs. 1.00 lakh against Rs. 90 thousand last year. Rs. 1.00 lakh have been transferred to the General Reserve and Dividend has been raised from 4 to 5 per cent per annum.

INDIAN ALUMINIUM COMPANY, LIMITED

The working results and directors' annual report for the year ended 31st December, 1954, of the Indian Aluminium Company Ltd., show a marked increase in the sales which increased from Rs. 117.85 to Rs. 237.63 lakhs in the year under review. In spite of these intensified efforts to sell more, the Company was not able to make any profits. The Company had a loss of Rs. 5.23 lakhs as against a loss of Rs. 13.65 lakhs in the previous year. The market was excessively competitive and unremunerative. Power reduction also caused a loss of smelter production and the Company had to purchase raw aluminium. Stocks have declined by a small amount.

Wages and salaries have gone up from Rs. 33.83 lakhs to Rs. 42.39 lakhs and depreciation and depletion have been provided at a higher amount, i.e., Rs. 18.64 lakhs this year against Rs. 15.76 lakhs last year.

The directors have not recommended payment of dividend to holders of ordinary shares as a result of losses, while last year 5 per cent dividend was provided. Holders of the cumulative preference shares have, however, been proposed to be given a 5 per cent dividend.

The accounts for the last three years are given below for a comparative study:

	(In Lakhs of Rupees)		
Year Ended 31st December	**1952***	**1953**	**1954**
Sales	161.46	117.85	237.63
Stocks	153.61	144.30	140.32
Wages and Salaries	39.70	33.83	42.39
Profit (+) Loss (—)**	+11.70	—13.65	—5.23
Provision for Taxation	11.50	3.50	..
Depreciation and Depletion	20.17	15.76	18.64
Dividend—Ordinary Shares (Rate Per Cent)	5	5	..

* Fifteen months ending 31st December, 1952.
** Before providing for taxation.

JAY-SHREE TEXTILES LTD.

The audited accounts of the Jay-Shree Textiles Ltd., (Managing Agents: Birla Brothers Ltd.) for the year ended December 31, 1954, show a deficit of Rs. 2.75 lakhs which has resulted as a consequence of a general depression in the prices of goods manufactured by the Company during the year, without any corresponding relief in the prices of raw materials. The main lines of manufacture of the Company are Flax Hose Pipes, Flax Canvas, Flax Tarpaulins along with Linen Piecegoods, silk and woollen fabrics. The import policy of Flax goods is not very helpful to the industry and the Company has made several representations to the Government to this effect. Steps, however, are being taken to improve the position, and the directors expect better results during the current year.

The stocks of the Company at Rs. 14.29 lakhs are lower against Rs. 16.75 lakhs last year. Provision for depreciation at Rs. 4,982 is also below the last year's figure of Rs. 13,052. The managing agents have, like previous years, forgone remuneration due to them.

Year ended 31st December	**1952**	**1953**	**1954**
Sales	50.23	61.88	52.09
Stocks	7.37	16.75	14.29
Raw Material Stores	37.59	53.84	37.49
Salaries & Wages	8.66	10.62	9.64
Depreciation	0.07	0.13	0.05
Profit (+) or loss (—)*	—3.12	+0.39	—2.75

* After providing for depreciation.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Artioles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
1954-55 ..	316.1	436.5	350 5	377.3	614.0	377.7	90 5	100.7	88.4	113.0
June 1954 ..	343.2	441.0	355 6	378.7	647.3	381.6	90 8	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351 8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90 6	101.7	87.4	115.4
Week Ending 26-2-1955 ..	300.5	433.0*	337.2	376.1	559.0	358.8	90.6	100.7	88.4	113.5
5-3-1955 ..	301.1	425.6	335.7	377.5*	556.0	358.0*	90 6	100.9	87.5	114.1
12-3-1955 ..	297.3	418.7	334.3	377.0*	556.5	355.1*	90.6	100.7	87.3	115.9
19-3-1955 ..	296.5	406.3	332.1	376.1	554.9	352.3	90.6	100.6	87.2	115.8
26-3-1955 ..	293.0	400.1	331.9	374.5	545.6	349.3	90 6	100 6	87 4	115.8

†Economic Adviser's Series. o 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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	128	337	144	135	134
1955 January	335	352	210	132	324	372	—	—	—	141	—	—
February	—	345	207	128	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 9-4-1955			2-4-1955			26-3-1955			19-3-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94-13	93- 3	94- 2	94- 1	92-15	93- 5	91- 1	93- 12	93-14	92- 8	92- 3	92- 6
Silver (per 100 fine tolas)	166- 8	165- 6	166- 1	168- 2	165- 8	166-10	168-10	166- 15	167-13	166- 8	165- 8	166- 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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186,87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220,24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,51
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,84
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,83
Week Ending										
25-2-1955	1,241,99	12,57	1,254,56	40,02	663,15	703,17	56.05	103,66	447,74	1,254,01
4-3-1955	1,265,56	7,34	1,272,91	40,02	673,15	713.17	56.03	102,00	457,74	1,273,91
11-3-1955	1,281,19	10,73	1,291,92	40,02	678,15	718.17	55.59	101,11	472,64	1,291,92
18-3-1955	1,277,18	15,28	1,292,45	40,02	643,47	683,39	52.88	101,64	507.43	1,292,45
25-3-1955	1,277,09	15,92	1,293,02	40,02	646,85	686,87	53.12	102,20	503 95	1,293,02
1-4 1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1,302,84

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19.93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	198,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
25-2-1955	51,87	22,68	48,36	34,32	157,23	27,99	195,22	12,84	4,48	65,50†	91	24,19	66,99	20,29
4-3-1955	52,61	18,65	46,14	22,08	139,47	29,87	179,34	7,48	7,39	58,25†	1,20	28,61	55,75	20,66
11-3-1955	55.22	18,51	48,47	21,68	143,88	28,58	182,46	10,94	7,90	52,73†	1,20	37,44	51,36	20,89
18-3-1955	67,95	53,42	47,72	22,08	191,17	30,00	231,17	15,52	8,71	88,77†	95	56,32	50,17	21,16
25-3-1955	59,45	60,27	47,72	21,53	188,97	29,86	228,83	16,22	10,37	83,15†	45	47,87	49,38	21,39
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04

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

STATE GOVERNMENT BUDGETS

(In lakhs of Rs.)

STATES	Revised Estimate 1954-55			Budget Estimate 1955-56		
	Revenue	Expenditure	Surplus+ Deficit—	Revenue	Expenditure	Surplus+ Deficit—
Part A						
Assam	17,43.11	19,39.13	—1,96.02	19,05.22	21,47.28	—2,42.06
Andhra (caretaker Govt.) ..	21,38.62	24,87.44	—3,48.82	21,91.35	24,88.23	—2,96.88
Bihar	47,01.41	48,39.16	—1,37.75	37,70.41	52,67.33	—14,96.92
Bombay	71,80.33	71,22.16	+58.17	80.10.72	79,88.35	+22.37
Madhya Pradesh ..	29,50.51	31,42 22	—1,91.71	32,80.37	35,62.37	—2,82.00
Madras	45,18.72	47,67.79	—2,49.07	47,92.07	49,58.18	—1,66.11
Orissa	14,66.94	16,59.60	—1,92.66	16,68.94	18,58.68	—1,87.74
Punjab	21,55.00	21,62.00	—7.00	28,90.00	29,67.00	+77.00
Uttar Pradesh	79,55.56	79,55.56	—	84,56.47	90,06.30	—5,49.83
West Bengal	41,62.67	55,54.68	—13,92.01	45,75.91	62,88.32	—17,12.41
Total of Part A	3,89,72.87	416,29.74	—26,56.87	415,41.46	465,30.04	—49,88.58
Part B						
Hyderabad	28,85.20	30,38.69	—1,53.49	30,61.84	32,82.84	—2,21.00
Madha Bharat	14,21.14	15,97.94	—1,76.80	18,68.74	18,86.84	—18.10
Mysore	21,17.60	23,16.29	—1,98.69	22,96.16	27,06.03	—4,09.87
PEPSU	7,79.00	8,13.00	—34.00	8,24.00	10,28.00	—2,04.00
Rajasthan	22,11.00	21,90.66	+20.34	22,30.00	24,69.29	—2,39.29
Saurashtra	12,11.24	12,75.92	—64.68	12,89.75	14,03.54	—1,13.79
Travancore-Cochin ..	17,05.86	16,87.97	+17.89	17,18.36	21,56.12	—4,37.76
Jammu-Kashmir	5,61.73	5,42.63	+19.10	5,82.62	5,50.22	+32.40
Total of Part B	1,28,92.77	1,34,63.10	—5,70.33	1,38,71.47	1,54,82.88	—16,11.41
Part C						
Ajmer	1,95.10	2,06.10	—11.00	2,74.21	2,74.21	—
Bhopal	N.A	N. A.	N. A.	N. A.	N. A.	N A.
Coorg	1,46.42	1,60.60	—14.18	1,22.84	1,50.74	—27.90
Delhi	4,64.62	5,05.36	—40.74	4,97.91	5,96.73	—98.82
Himachal Pradesh ..	3,05.78	3,01.10	+4.68	3,39.89	3,49.03	—9.14
Vindhya Pradesh ..	4,69.56	5,06.51	—36.95	5,81.66	5,81.19	—7.53
Total of Part C	15,81.48	16,79.67	—98.19	18,16.51	19,59.90	—1,43.39
Grand Total	5,34,47.12	5,67,72.51	—33,25.39	5,72,29.44	6 39,72.82	—67,43.38

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Average of Fridays										
November 1952 ..	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 ,, ..	531,19	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 ,, ..	527,09	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 25
January 1954 ..	518,56	329,04	847,60	33,11	41,00	8.74	436,63	50,08	57.42	320,85
February ,, ..	518,30	330,61	848,91	31,99	38,41	8.34	460,45	56,11	60.85	328,61
March ,, ..	524,03	328,75	852,78	31,72	39,25	8.32	466,96	66,33	62.54	331,55
April ,, ..	541,21	327,70	868,91	32,30	43,11	8.68	480,05	75,08	63.89	396,61
May ,, ..	537,42	329,08	866,50	32,93	41,43	8.58	484,46	95,91†	66.98	323,81
June ,, ..	542,87	332,10	874,97	33,01	41,75	8.54	472,41	87,61†	64.01	326,75
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	553,09	349,08	902,17	30,43	54,43	9.41	444,12	82,07†	58.33	338,22
September ,, ..	558 13	351,45	909,58	32,16	60,57	10.19	447,84	77,66†	57.77	345,65
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569 65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
December ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,334
February ,, ..	585 47	370,53	956,00	32,16	49,63	8.58	494,74	84,46†	60.58	354,09
March ..	578.19	375.11	953,30	32,95	46,16	8.27	509,93	102,47†	64.21	346,25
Week Ending										
17-9-1954 ..	558,35	350 66	909,01	31,81	59,69	10.07	449,57	77,52†	57.99	347.96
24-9-1954 ..	557,63	352,15	909,78	33,41	59,15	10.17	448,91	75,94†	57.69	346,24
1-10-1954 ..	554,28	353,07	907,35	30,97	59,20	9.94	450,37	76,94†	58.12	346,29
8-10-1954 ..	554,74	350.15	904,89	37,11	60,59	10.80	455,59	77,43†	58.90	346,52
15-10-1954 ..	559,15	355,45	914,60	33,85	64,52	10.76	455,68	74,41†	56.87	348,16
22-10-1954 ..	562.09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566.17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567 67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576 30	365,47	941,77	33,16	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45
17-12-1954 ..	572 22	364,73	936,95	34,60	66,02	10.74	463,97	70,28†	57.02	350,09
24-12-1954 ..	574,98	367,26	942,25	32,03	65,63	10.37	464,82	72,32†	57.01	348,98
31-12-1954 ..	573,36	368,71	942,06	35,90	65,74	10.98	466,83	71,58†	57.15	348,04
7-1-1955 ..	571,81	367,34	939.15	32,79	63,41	10.24	474,66	76,85†	58.72	349,04
14-1-1955 ..	572,56	367.14	939,70	32,25	58,16	9.62	476,03	76,67†	58.82	351,13
21-1-1955 ..	582,91	368,61	951.51	32,95	61,77	9.95	475,00	80,44†	58.38	352,36
28-1-1955 ..	579,97	370,43	950,39	33,94	57,88	9.66	481,02	78,96†	58.92	352,79
4-2-1955 ..	581,99	369,17	951,16	32,77	54,97	9.22	489,31	80,62†	59.92	354,47
11-2-1955 ..	580.91	370,95	951 87	32,00	47,59	8.36	495,91	79,25†	60.42	355,24
18-2-1955 ..	590,91	371,37	962,28	32,06	49,21	8.45	494,80	87,46†	60.51	354,33
25-2-1955 ..	588,07	370,62	958,69	32,82	46,76	8.30	498,94	90,49†	61.48	352,31
4-3-1955 ..	583.18	371,29	954,48	33,29	45,65	8.27	505,24	96,40†	63.03	347,48
11-3-1955 ..	582,97	376,47	959.44	34,47	46,19	8.41	506,72	102,46†	63.49	347,46
18-3-1955 ..	572.23	375,80	948 03	32,41	45,61	8.23	514,17	100,83†	64.87	345,89
25-3-1955 ..	574,37	376,88	951,25	31,61	46,18	8.18	512,39	110,18†	65.45	344,17
1-4-1955 ..	580,92	376,37	957,30	32,73	44,92	8.11	515,57	116,95†	66.07	344,31

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

INDUSTRIAL CAPACITY AND PRODUCTION OF ENGINEERING INDUSTRIES, 1953 AND 1954

A—Mechanical Engineering Industries

Name of the Industry	Accounting Units	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
Agricultural Implements	Tons	63	26,264	8,046	63	26,348	12,010
Ball Bearings	Nos.	1	6,00,000	6,49,144	1	6.00,000	7,04,000
Belting—							
(a) Hair and cotton	Tons	6	1,120	757	6	1,220	840
(b) Rubber Ply Transmission and conveyor	Tons	9	710	519	9	710	995
Bicycles	Nos.	6	4,17,500	2,64,169	6	4,37,500	3,72,365
Bicycle Parts	Rupees	23	Not assessed	91,14,571	24	Not assessed	1,18,59,373
Bolts, Nuts, Rivets and Dogspikes	Tons	15	33,356	10,428	15	33,356	16,034
Building and Hardware Fittings (Hinges, Hasps, Staples etc.)	Tons	18	4,888	2,022	18	4,888	3,202
Clocks	Nos.	4	51,636	9,708	4	51,636	7,500
Conduit Pipes	Feet	7	75,60,000	37,14,971	9	96,60,000	59,83,156
Crown Cork	Gross	7	35,52,000	18,67,339	7	35,52,000	22,11,654
Duplicators	Nos.	3	4,806	927	3	4,800	1,132
Expanded Metals	Tons	4	2,940	1,654	4	2,940	2,443 *
Hurricane Lanterns	Nos.	13	45,82,800	43,12,382	13	45,82,800	49,87,009
Incandescent Lamps	Nos.	9	94,200	30,392	9	93,600	37,694
Machine Screws	Gross	6	4,44,440	1,67,768	6	4,44,400	2,28,500
Sewing Machines	Nos.	2	41,500	62,419	2	41,500	80,198
Shafting	Tons	4	3,540	230	4	3,540	140
Steel Belt Lacing	Box	3	2,28,000	67,939	3	2,28,000	72,500
Steel Furniture	Tons	18	30,988	12,175	19	30,988	13,996
Steel Structures	Tons	71	1,28,952	31,517	71	1,28,952	28,071
Stoves	Nos.	10	1,41,000	42,955	10	1,41,000	57,167
Umbrella Ribs	Doz. Sets	4	1,65,000	1,50,937	4	3,60,000	2,46,646
Welding Electrodes	Thousand Ft.	3	61,500	55,600	3	96,000	87,016
Wire Products:							
(a) Gauze	Tons	7	1,500	546	7	1,500	750
(b) Netting	Tons	3	684	206	3	684	260
(c) Chain Link Fencing	Tons	3	600	104	3	600	100
Wood Screws	Gross	18	46,36,100	25,71,710	17	44,96,000	50,98,432*
Zip Fasteners	Feet	1	9,00,000	1,59,075	2	12,60,000	2,43,000

* One unit closed down in 1954. Actual production in 1954 was more than capacity as several units worked 2 shifts.

B—Industrial Machinery

Name of the Industry	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
Boilers:						
(a) Industrial	1	50	2	1	50	7
(b) Locomotives	1	56	53	1	96	95
Textile Machinery:						
Bleaching Dyeing Printing Furnaces	5	1,131	149	5	1,131	362
Carding Engines	1	600	192	1	600	436
Draw Frames	1	12	5	1	12	17
Fly Flames	1	24	14	1	24	13
Looms	3	4,200	2,086	3	4,200	1,970
Ring Frames	2	396	200	3	696	358
Portable Air Conditioners	3	700	375	4	1,550	1,050*

* Estimated.

Industrial Capacity and Production of Engineering Industries, 1953 and 1954

C—Tools

Name of Industry	1953 Accounting Units	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
Coated Abrasives	Reems	4	80,000	61,022	4	80,000	70,573
Grinding Wheels	Tons	1	500	361	1	535	506
Machine Tools	Rupees	16	1.35 Crores	44.1 Lakhs	16	1.36 Crores	50.0* Lakhs
Needles:							
(a) Hosiery Knitting	Mill. Nos.	2	3.96	0.2	1	3	0.94
(b) Gramophone	,,	1	460	112.55	1	900	186.08
Razor Blades	,,	5	200	23.1	5	272	131.38
Small Tools and Hand Tools (Twist Drills, Taps, Dies Reamers Milling Cutters and Files)	,,	8	2.75	0.53	9	2.75	1.13

* Estimated.

D—Automobiles And Ancillary Industries

Name of Industry	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
Automobiles	12	34,014*	13,926	9‡	40,000†	14,462
Cylinder Liners	1	1,20,000*	17,318	1	1,20,000*	23,856
Piston Rings	1	12,00,000*	13,76,339	1	12,00,000*	15,75,668
Pistons	1	3,00,000*	65,497	1	3,00,000*	1,14,223
Sparking Plugs	1	3,00,000	24,103	1	3,00,000	1,12,593

* Capacity assessed by the Tariff Commission.

† Manufacturing capacity of six firms whose schemes for the progressive manufacture of automobiles have been sanctioned by the Government of India.

‡ This includes certain pure assemblers also who will cease assembly of motor vehicles shortly as a result of the acceptance of the recommendations of the Tariff Commission on Automobile Industry.

N.B. :—(1) M/s. Hindustan Motors Ltd., Calcutta are also producing pistons for their own vehicles. Information in regards to their capacity and production figures is not available.

(2) Many small firms are also producing cylinder liners. Information in regard to their capacity and production figure is not available.

E—Diesel Engines, Pumping Sets And Ancillaries

	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production	Remarks
Diesel Engines	3	3,165*	3,176	11	14,515	8,654	*The number of units and production for 1953 and 1954 now given represents the actual manufactures. Units whose schemes are yet to materialise have been excluded.
Fuel Injection equipment:							
(a) Pumps† ..	..	..	..	1	4,500	3,938	†This unit went into production from June, 1954.
(b) Nozzle Holders ..	..	..	..	1	4,500	3,813	
Power—driven Pumps	24	60,200	25,271	25	61,400	28,617	

(To be continued)

Source: Annual Report of The Ministry of Commerce and Industry.

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.)

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The Eastern Economist

VOL. XXIV. NO. 16. NEW DELHI: APRIL 22, 1955.

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Statistical Planning: A Game of Chance?

PAPER plans are following one another thick as falling leaves. After the Plan of the Federation of Indian Chambers of Commerce and Industry which was the subject of comment in 'The Eastern Economist' of April 8, there has now appeared, still unauthorisedly, a statistical framework of a plan prepared by Professor P. C. Mahalanobis with the assistance of the Indian Statistical Institute. The authorship of the plan is as interesting as its contents. Prof. Mahalanobis has enjoyed in recent years a quite unique position in the counsels of the Government. As Head of the Central Statistical Organisation and of the National Income Unit he has access to all Government information and his judgments must be considered partly official. On the other hand, he has no specific executive responsibilities and the Indian Statistical Institute is free to express any views or publish any statistics which might come its way. Prof. Mahalanobis thus embodies in his person the mixed economy. He belongs both to the public and to the private sectors. And thus this is an official plan and yet it is a personal plan. It is financed by the Government but carries no official seal.

It is a strong advocate of the extension of the public sector at the expense of the private sector, but one cannot complain that this is Government policy. It is, it appears, merely a statistical framework.

Statistical planning, in this form, is a highly entertaining game of chance. Figures can be inserted in a framework to see if they will fit and the framework can be used as a try out as much upon the Government as it is upon the public. Statistics in this country are not taken too seriously. All this is to the good. But the circumstances under which this plan has been advertised as well as the manner in which it has been designed to occupy the foremost place amongst tentative plans gives some indication that political forces, and not pure or disinterested academic research, are at work. The Mahalanobis Plan is quite clearly a political force marshalled to present the appropriate bias in favour of socialism, not a socialistic pattern of society, before serious work on India's second Five-Year Plan commences.

Why has the Government of India chosen to circulate the Mahalabonis Plan instead of its own preliminary draft? There is no doubt that, if it hoped for objective assessment, it could not have chosen a more unusual course. The fact is that Prof. Mahalanobis, even among statisticians and economists, carries a powerful personal equation. Amongst many business men his name, rightly or wrongly, is anathema; it is associated with a species of Leftism, which is no worse, but is believed to be more dangerous, than that of the average University Professor who dwells in an ivory tower. Before the Planning Commission employed this particular Socratic midwife to deliver its plan it should have remembered that Caesar's wife should be above suspicion.

Apart from its bias, there is evidence in many places in this framework that the author is unacquainted with the technical conditions of supply and demand under which some industries operate in this country. For example, dealing with the problem of the jute industry there appears the extraordinary sentence "Immediate steps should be taken to ensure fuller use of the existing capacity and to see that by 1960-61 the full capacity is utilised". The doubling of jute textile production, which this recommendation implies, would merely ruin the jute industry by causing a crash in external markets which would destroy almost immediately our main normal earner of foreign exchange. Similarly, on the targets for investment for transport and communication, the financial and physical figures are totally incompatible. Rs. 900 crores is allotted to all communications of which Rs. 800 crores has been already allocated to the railways. A sum of Rs. 100 crores is left therefore for shipping, aviation and roads. Assuming that even as much as half of this went in for shipping, this would provide for 400,000 additional gross tons or possibly less. Paradoxically, the physical target for shipping is put in at 1,500,000 gross registered tonnage which would require a provision of Rs. 125 crores at 1952-53 prices. These two instances chosen somewhat at random will indicate the danger of using figures without knowledge of the physical factors which they represent. Statistical planning of this kind can be a highly exciting pastime. But can a nation subsist on this game of statistical chance? Unless, for example, the physical content of a figure like Rs. 1,000 crores for industry in the public sector is described, what meaning can inhere in the operation of adding one figure to another?

Consider again a statement such as this: "In order to make available large capital resources for investment and national development and to facilitate the implementation of the plan, Government will (sic!) be prepared to enter into such activities as banking, insurance, foreign trade or internal trade in selected commodities." Does this conclusion appear as a corollary from a statistical framework, or is it a mirror of the Mahalanobian view of India's future economic system? Surely one can complain that, under cover of mathematical expertness, the country is being driven forth by a highly interested political apparatus into a more radical treatment of the private sector than has ever appeared in an official document.

Illogical as it may seem, the comment thus far on the Mahalanobis Plan has been on its political approach rather than on its economic co-ordinates. This represents in fact the view of 'The Eastern Economist' on the new planframe. There are, indeed, two major issues raised by the particular figures of the plan, but these are issues which belong to every plan. They are the total volume of monetary investment and the rate of saving which is the condition of its deployment without inflation. There is little evidence that the Indian economy can sustain monetary investment between 1956 and 1961 of the order of Rs. 5,600 crores without considerable inflation. The convenient assumption by which this is avoided both in the Mahalanobis Plan and in the Federation Plan is that 30 per cent of the increment of output is saved. Curiously the estimates in the two cases are very different, and there must be an arithmetical error in one or the other. However, this is hardly worth investigation since the assumption itself is unreal, and has no warrant of any kind in our experience of the last four years.

The total picture is thus no more acceptable than certain individual economic targets, which, as has been pointed out, bear no relation to realities. The ratio of capital invested to income generated works out to 1.93 and has not even the justification that it is an extension of a ratio already in force. Like the Federation's Plan, the Mahalanobis Plan employs a ratio which is excessive in relation to existing economic experience. While a somewhat higher ratio than has in fact operated between 1951 and 1954 is reasonable in view of the fact that some considerable investment will take place in our heavy industries which will take time to deliver, a figure for the ratio as high as 1.93 cannot be justified.

And thus the total assessment of this plan is unfavourable on both political and economic grounds. On the political side, it is weighted heavily by the strong personal equation in favour of State control which is part of Prof. Mahalanobis' politics, and not a consequence of his statistical learning. There is no reason why one should accept an eminent statistician's view of the capacity of the public sector any more than one is obliged to accept Albert Einstein's view on the nature of the spiritual universe. Again, in its economic coordinates it is clear that Prof. Mahalanobis is operating entirely with arbitrary figures and not with economic and physical conformity. His total estimates are not obtained by the addition of one physical fact to another and then translation into money terms, but by the mechanical addition of one arbitrary figure to another. It is doubtful if plans of this kind can be anything more than an interesting academic exercise. Of them we have had enough; when is the serious business to begin?

The Mahalanobis Plan

['The Eastern Economist' owes an apology to its readers because of its failure to publish the elements of the Mahalanobis Plan at the same time as other journals. The reason for this was that the Mahalanobis Plan was marked confidential and its publication was judged by the Editor to be a violation of confidence. There is now with its publication elsewhere no need to withhold this information which may interest many readers.—Ed.]

ALLOCATION OF INVESTMENT

(In crores of rupees)

Sector	Public	Private	Total	Percentage
(1)	(2)	(3)	(4)	(5)
1. Electricity ..	450	50	500	8.9
2. Industry ..	1,000	400	1,400	25.0
3. Transport and communication ..	850	50	900	16.1
4. Agriculture and irrigation ..	750	200	950	17.1
5. Construction ..	250	1,100	1,350	24.0
6. Stocks ..	100	400	500	8.9
7. TOTAL ..	3,400	2,200	5,600	100.0

ALLOCATION OF INVESTMENT BY INDUSTRIES

Industry	Investment (Rs. Crores)	Percentage
1. Iron and steel	425	30.4
2. Synthetic petrol	80	5.7
3. Heavy machinery to fabricate plants for		
(a) Steel and producer goods	150	10.7
(b) Electrical equipments	40	2.9
(c) Consumer goods	50	3.6
4. Cement, chemicals, etc.	100	7.1
5. Existing State enterprises	50	3.6
6. Aluminium	30	2.1
7. Minerals and prospecting	75	5.4
8. Fertilizers	100	7.1
9. Factory consumer goods	100	7.1
10. House hold and hand-industries	200	14.3
11. TOTAL	1,400	100.0

PUBLIC DEVELOPMENT EXPENDITURE

Sector	Second Plan Investment	Second Plan Current	Second Plan Total	Second Plan Per cent	First Plan Per cent	First Plan Total
(1)	(2) Rs. Crores	(3) Rs. Crores	(4) Rs. Crores	(5)	(6)	(7) Rs. Crores
1. Electricity	450	..	450	10.5	..	..
2. Agriculture, Irrigation and Rural Development	750	200	950	22	..	..
3. Sub-Total	..	..	(1,400)	33	44	990
4. Industry and Minerals	1,000	100	1,100	26	18	178
5. Transport and Communication	850	100	950	22	24	536
6. Construction and Social Services	250	500	750	17	24	544
7. Stock	100	..	100	2	..	..
8. TOTAL	3,400	900	4,300	100	100	2,248

DOMESTIC PRODUCT OF THE INDIAN UNION AT 1952-53 PRICES IN RS. ABJA (=100 crores)

Sector	(Actual) 1950-51	(Estimates) 1955-56	1960-61	Increase Per cent
(1)	(2)	(3)	(4)	(5)
1. Agriculture and Allied Pursuits	45.2	52.8	63.4	20
2. Mining and Factory Enterprises	6.6	9.0	15.0	67
3. Household Enterprises and Construction	9.3	10.2	14.3	40
4. Communications, Railways, Banks, etc.	3.1	3.6	4.7	30
5. Wholesale and Retail Trade, other Transport	13.4	15.1	18.8	25
6. Professions, Services (including Government Administration) and the Rest	14.3	17.3	20.8	20
7. TOTAL	91.9	108.0	137.0	27
8. Population (millions)	359.3	383.7	409.7	7
9. Per Capita Income (Rs.)	256	282	334	19

The Finance Bill

TO split the difference and solve a disagreement is a time-honoured maxim of arbiters and policy-makers. The Finance Minister has found it expedient now to adopt this principle in respect of his fresh taxation proposals to meet his critics almost exactly halfway. While opening the debate on the Finance Bill in the Lok Sabha on Monday, Mr. Deshmukh explained that his revised proposals would involve an additional tax burden of only Rs. 8.8 crores—as against Rs. 17.35 crores of additional taxation involved in the original Budget proposals. It is thus more than a token of his desire to accommodate the critics, leaving the main proposals intact at the same time. There is no doubt that this gesture will go far in reconciling a substantial section of Parliament. There will be few to cavil at the consequent widening of the revenue gap from Rs. 8.47 crores to Rs. 17.35 crores. It has been the clear opinion of most members that this Budget gap estimate is not a correct one but a result of conservative budgetting. But even if it were real, it has little importance in the context of the large dose of deficit financing of development now contemplated.

So far as the increases in rates in the income-tax were concerned, the Finance Minister was on strong ground when he minimised their burden on the average middle class persons, since married persons with an earned income of below Rs. 10,000 a year are not losers. On the higher groups, the relatively milder increases may be unwelcome; but there will be actual severity of the burden only in the new range of super-tax payers with incomes above Rs. 20,000 per year. Mr. Deshmukh has offered no concession, much less an apology, for taxing them. The case for steepening the progression in the tax system as part of the striving after a 'socialistic' pattern was irresistible for its political appeal. That was quite evident even at the time of the Budget, but what irked more was the attempt to clamp down a tax on all perquisites. The Finance Minister has become more realistic on second thoughts and has made an attempt to separate the perks which are designed to conceal incomes and those which are essential for the proper functioning of the income-earners concerned.

In the latter group of justifiable cases there was always the possibility open to most existing holders of perks to make their expenses part of their business expenditure without making them form part of their income. But that would still have left out many genuine cases of hardship. The Finance Minister was ready to concede that on this matter his object was not to raise revenue but to stop abuses of the law. In pursuance of this principle he was able to concede a deduction of 20 per cent of pay subject to a maximum of Rs. 7,500 for existing recipients of entertainment allowances. This concession is good so far as it goes, but if the presumption in this case is that there is no element of gross abuse in allowances up to this point, there is no reason for withholding it from new recipients. The existing posts and class of posts to which the allowances apply, rather than the existing incumbents, should have been granted the benefit of this concession. In any case, the Finance Minister's assurance that there is no intention to appraise all other perquisites in meticulous detail should give considerable relief from undue harassment.

Thus the Finance Minister has remained quite firm while appearing to yield; and he has not been much different on the modifications to the proposed amendment to S. 23-A of the Income-Tax Act. The super-tax of four annas in the rupee on the undistributed profits of companies in which the major interest is controlled by not more than six persons would have compelled the distribution of at least 60 per cent of all such dividends (or even the whole of it in cases where reserves equal to original paid-up capital have been accumulated) and affected the building up of company reserves. As with perks, such a severe provision can be justified if the abuses alone were taken into account; but no law can proceed on such assumption and legislation must be able to distinguish abuse from proper use without laying both under similar penalty. The Finance Minister has been less dogmatic than the Taxation Enquiry Commission on this point. There has been readiness on his part to recognise hard cases like a new company or one under a heavy debt to the Industrial Finance Corporation or where shares of a public company are concerned by a few to compel distribution of dividends. By granting discretion in such cases to the Income-Tax Commissioner to lower the rate of distribution below 60 per cent, an inflexible rule-of-thumb has been avoided. Moreover, it has also been agreed that an industrial company will not come within the mischief of Section 23-A unless 60 (not 50) per cent of its shares are held by six or fewer persons—a concession which is regarded as a transitional measure, but none the less useful to that extent. But here again, the treatment of loans outstanding on a particular date as dividends is a little unimaginative.

Within the scope available for manoeuvre, the Finance Bill has been deprived of much of its sting. On direct taxation, its essential philosophy remains as uncompromising as before. But on indirect taxation, there has been revision of the attitude to the basic assumption of the Taxation Enquiry Commission about taxation of consumption as an essential instrument of development. The changes that have been gradually made in the original proposals for excise levies have avoided a dogmatic approach to this question. The reduction of duties on medium and coarse cloth and the removal of the proposed duty on sewing machines restores the original position. The need for larger revenue has been adequately taken care of by the alterations in the mode of levy. The conversion of ad valorem excises into specific rates would ensure stability of revenue even if prices fall and would increase the revenue if the market expands. The concessions to the small-scale producers provide the political sugar-coating which makes the rest of the pill palatable. The woollen industry has been treated with the needed consideration and the large number of adjustments that have been made to suit the conditions of production in batteries and bulbs, paints and varnishes, paper and newsprint, have modified the rigour of the original proposals.

These changes cannot be measured by their impact on the revenue expected to be realised. The Finance Minister has estimated the reliefs to amount to Rs. 10 crores. They may well be less but that would be a wrong criterion to apply. It is possible even to raise the same amount by way of revenue if the effect of the concessions is to widen the market. In the case of cotton cloth, the revision of the basis of the levy from linear to square yard is itself capable of off-setting much of the revenue loss arising from the concessions. What is important to note is that the Finance Minister has taken a very reasonable view of the criticism that has followed the presentation of the Budget. In that mood, the changes of any other constructive proposals in Parliament will also be bright. But one may still ask the question whether there should have been such all-round rashness in the first instance in framing budget proposals.

THE WEEK'S NOTES

THE BEGINNING AT BANDUNG

THE BANDUNG Conference has got off to a flying start despite fears about its getting bogged down in controversy even during the preliminary stages of deciding on the agenda. It was, however, quite unlikely that the sponsoring Powers would make that mistake, accustomed as they have been to talking without agenda and avoiding conflicting issues in their own conferences and in the Commonwealth gatherings. Sir John Kotelawala found opportunity to take the initiative in offering mediation of Asian Powers between the giants and ended with a stirring call for peace. The Prime Minister of Pakistan did not, as was feared, repudiate the Pancha Shila. He supplemented them to include the right of collective self-defence, abhorrence of colonialism and exploitation in any form—obviously thinking of Communist exploitation—and settlement of all disputes by peaceful means.

But Mr. Chou En-lai's speech has been more conciliatory in its tone than was expected and has disarmed the critical wing of the Asian-African Conference which was reported to be too much obsessed by the brief prepared for these delegations. The Chinese Premier has hopefully offered a common ground, repudiated any intention to interfere with the affairs of other countries or subvert them and extended a standing invitation to the delegates to visit China. On the subject of dual nationality which could have been cited as a leading cause of fear among China's neighbours, he has declared himself ready to solve it. There was the usual charge against the U.S.A. and Mr. Chou En-lai proceeded accepting the existence of divergence in ideologies, to say that it was possible to seek common ground in spite of them. His experience during the last one year since he went to Geneva has apparently trained him further in international diplomacy. At least to the delegations which have had experience of Russian diatribes against the West in the United Nations or other conferences, Mr. Chou En-lai's tone must have come as a welcome surprise even if it was occasionally tempered by scepticism about the practical value of his promises to weak and suspicious neighbours.

MR. BUTLER'S BUMPER OFFER

MR. BUTLER'S Budget is frankly an electioneering budget. It is difficult to say that the possibility of using the budget as a handy instrument for party benefit influenced Sir Anthony Eden in deciding on the date of the general elections. The Labour Party would have preferred to wait till later in the year, not only because the budget will be forgotten and some of the economic strains may develop by then but also because Labour has itself now emerged from a serious internal shake-up. Labour spokesmen are putting on their best face when they say that the Bevan episode has not affected their chances at the polls. It may well be that because Sir Anthony Eden has been relatively inconspicuous in domestic affairs, the hopes of Labour are slightly improved but with Mr. Butler on one side and Mr. Bevan on the other, Labour's chances are bound to suffer appreciably. In international developments, which need delicate handling, British people realise that they would do better with Sir Anthony at the helm than with Labour in office. So the world situation and Mr. Butler's promise of maintenance of the present levels of economic activity might help to return the Tories safely to power.

The U.K. revenues last year yielded £205 million more than the budget estimates—showing that such underestimation is not peculiar to Indian budget-makers alone—and at existing levels of taxation a further increase of £106 million is expected for this year. This is a very handy surplus to have on election-eve. The reduction of the purchase tax by half on textile piecegoods is ostensibly intended to assist Lancashire and assuage discontent in that area, but since the benefit is spread over the whole population its appeal will be very wide. Together with the removal of a substantial section of the voters from tax liability altogether, this step can greatly enhance the Conservative Party's chances. With all the concessions now announced, Mr. Butler will be still able to show a surplus which though not as substantial as £433 million in the year ended, will be yet impressive. The reduction in income-tax rates, the increase in personal allowances and tax-free child allowances have thus come out of a sound budget—not one manufactured for purely political reasons.

AGREEMENT ON AUSTRIAN TREATY

IN ITS timing, the Soviet Union's offer to conclude a peace-treaty with Austria looks like a gift to the Bandung Conference. But it was the obvious next step to the ratification of the Paris Agreements by France and Germany. Austria has always seemed the only area in which the Soviet Union's professions for peaceful co-existence could be first demonstrated. There were few complications such as those presented by the division of Germany. Events have shown that Austria could not be made a bargaining counter for concessions on Germany. The Austrian leaders have been willing even for very onerous terms about reparation payments if they are left free and even now these terms have not been substantially relaxed by the Soviet Union. On the last occasion when the Western Powers were ready to make all compromises, the Soviet Union was able to back out only by bringing in extraneous issues. The Soviet Union has now claimed four major concessions in return for Austrian assurances of neutrality on the Swiss model which "Pravda" has held up to them.

The object apparently is to indicate to the Germans that they too might have obtained a peace-treaty with unity of the two parts—if they had promised neutrality and kept away from the Western alliance. Even if Western Powers accept these conditions on neutrality in respect of Austria, they are unlikely to accept them as a precedent for Germany. Occupation forces are to be withdrawn from Austria not later than the end of this year and the Soviet Union will return all war prisoners and civilian internees held in Russia. Russia has agreed to take commodities in payment of $150 million to which she is entitled, though Russian occupation has exacted a very heavy tribute all along. Oil refineries and oilfields held by Russia will be returned but only in exchange for deliveries of crude oil by Austria; also a shipping line and shipyard will be returned. The Soviet Union will be subscribing only to the Draft Treaty concluded in 1949 but this long delay in doing so has been overlooked in the satisfaction that it has at last been done.

ABSOLUTISM UNDER JUDICIAL APPROVAL?

IN RESPECT of countries where political instability or disorder becomes chronic, it is difficult to feel stirred or excited by happenings which in other areas might produce a great sensation. It is thus that we look, like spectators, on the day-to-day developments in Pakistan. The constitutional significance of the Governor-General's actions or of the Federal Court's rulings has ceased to interest even in a strictly legal sense because the Constitution is itself in such confusion that there can be no intelligent anticipation of

what is probable next. The Governor-General has now referred to the Federal Court the question whether his former dissolution of the Constituent Assembly was valid. When the Court had an earlier opportunity to make a pronouncement on this matter, it refrained from doing so, and contented itself with the declaration that the Chief Court was not competent to entertain the application of the chairman of the Constituent Assembly. A vast amount of legislation by the Constituent Assembly has been declared by the Court to be invalid for want of the Governor-General's assent and the Governor-General's prompt action to validate these laws through an ordinance has also been vetoed by the Federal Court.

It is difficult to visualise a situation of equal gravity in a working parliamentary democracy, in which a court with full constitutional authority continues to function freely as the Pakistan Federal Court presumably does along with dictatorial authority. For all practical purposes this one-man rule has the support of an influential and experienced group of politicians. The proposed Constitutional Convention may be sound from a practical view, but its constitutional status is left very much in doubt. In a situation in which the executive and judicial authority of Pakistan has been bereft of any legal foundation, it is natural that the Governor-General should seek to have the Court also as his ally by eliciting from it a favourable statement of opinion to which he can adhere and thereby save his own powers from constant and embarrassing challenge. The Governor-General is not seeking a verdict on the Convention itself but only on the extent of his available powers to validate legislation declared ultra vires and and his power to pass fresh legislation for carrying on the administration of the country. Normally this is an awkward type of reference to a court which has supremacy on constitutional matters. By giving a favourable opinion in general terms, it would be binding itself to accept the validity of future legislation when a citizen makes a challenge. Perhaps such notions of propriety are irrelevant in the present situation in which the average citizen possesses only the privilege of being in bewilderment. He can only get the satisfaction that in Pakistan it is not a dictatorship based purely on military power because it seems ready to respect the judiciary if the latter will oblige by offering a legal basis of authority.

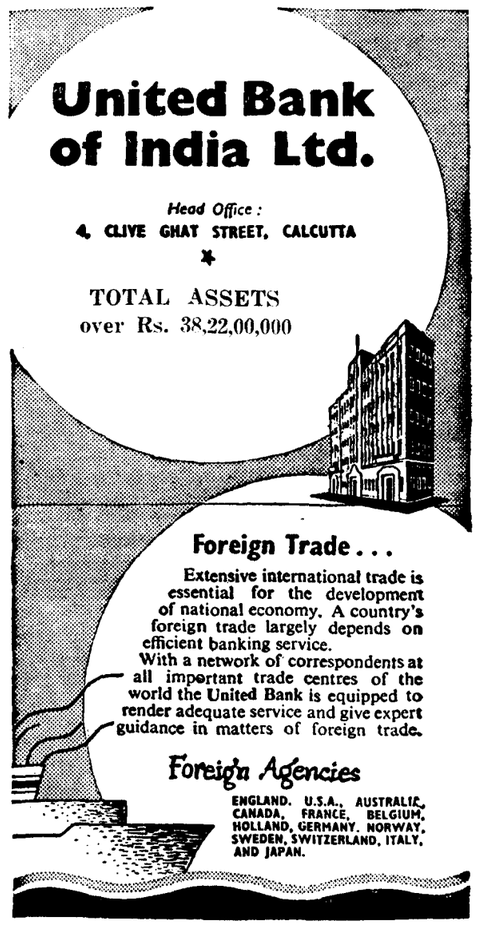
PROGRESS REPORT ON THE PLAN

THE LATEST progress report on the Five-Year Plan purports to add the developments from April to September 1954 to the earlier report which provided substantial information. It is doubtful whether it can serve any useful purpose to the public in assessing progress. The various Ministries have recently come out with reviews on the working of their respective departments in connection with their demands for grants. No comprehensive account of the progress in the States is available in this report. If any interim report is at all necessary at this stage—the next full report is promised in August—it must be to give an indication of the financial side of the Plan. On this subject, however, the report leaves the position vague, repeating merely the revised estimates for the crucial year 1954-55 in which development expenditure is said to have been stepped up substantially. The preliminary accounts for 1953-54 are also tentative and do not rule out the possibility of a substantially lower rate of spending when the actuals are available.

If in 1953-54 the expenditure was only Rs. 70 crores more than in the previous year—(the final accounts may show it as less)—how was development expenditure stepped up by a further Rs. 200 crores in 1954-55 as claimed in the report? About Rs. 45 crores of this increase is attributed to the States, mainly in irrigation, power and roads, and the increase is largely probable. The balance of about Rs. 160 crores, incurred by the Centre over the previous year's level, contains many uncertain items and certain lump sum provisions, though it seems that on irrigation and railways much more was actually spent. Apart from the fact that there were not projects enough to take in such large investment, there are no references to the other monetary indicators by which one can judge the progress of effective deficit financing by the Centre.

QUALIFICATIONS FOR GOVERNMENT APPOINTMENT

THE GOVERNMENT of India have been considering for some time the question whether it is necessary to prescribe, as is the case at present, that possession of a University degree is a necessary qualification for appointment to all but some of the lowest posts and services under Government. There was also need to re-examine the justification for such insistence in cases when recruitment is on the basis of competitive examinations. If there is no such justification, it has to be considered what other conditions, if any, should be devised to limit the number of candidates at such examinations. The Government has now appointed a Committee with Dr. A Ramaswamy Mudaliar as Chairman to report on these matters by the end of August. The Committee has been asked to consider also measures to ensure that the number of candidates competing for posts and Services under Government are not wastefully large. Its report will be watched with interest.





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WORLDGRAM

AGRICULTURE

National Rice Commission for India: A national Rice Commission will soon be set up by the Government of India under the Food and Agriculture Ministry. Subjects under the perview of the Commission will include (i) stepping up of production of rice, (ii) improvement in the quality of rice, (iii) mechanisation of rice production, (iv) reduction of losses through improved operational methods, etc. The proposed Commission will also draw up plans and programmes for the fifth session of the International Rice Commission which will be held in India next year.

*

Zamindari Ends in West Bengal: The 162-year old Zamindari system in West Bengal introduced by Lord Cornwallis in 1793 has ended. This change brings more than eight million farmers, who will now pay a total revenue of Rs. 568 crores to the State, in direct relationship with the State and eliminates intermediaries and zamindars. About 25,000 estates and interests of 1.3 million intermediaries will be taken over by the State who will be paid compensation.

*

Flood Control Measures in the U.P.: As immediate and short-term measures to control floods, the U.P. Government has decided to construct 30 retention reservoirs on the two rivers Rapti and Ghaghra which pass through the eastern districts and bring devastation during rains. Survey and work on the reservoirs which are expected to cost the State Government about Rs. 50 lakhs is in progress while the Baghelkhand and Majhawan bunds have already been completed at a total cost of Rs. 11.5 lakhs.

INDUSTRY

More Central Aid for Handicrafts: Several States have been sanctioned further grants and loans by the Government of India for the development of handicrafts. Madhya Pradesh and Saurashtra have been given a loan of Rs. 50,000 each. Madras gets a loan of Rs. 50,000 and a grant of Rs. 10,000 and Andhra, a loan of Rs. 20,000 and a total grant of Rs. 7,000. Bhopal has been sanctioned a loan of Rs. 25,000 and a grant of Rs. 3,620. Orissa has been given a loan of Rs. 60,000 and a grant of Rs. 14,162. The All India Handicrafts Board gets grants of Rs. 33,240 and Rs. 3,840 for development work in Bombay and Delhi respectively. Mysore gets a grant of Rs. 10,000 and Jammu and Kashmir gets Rs. 15,000. Uttar Pradesh and Bombay have been given grants of Rs. 5,000 and Rs. 2,520 respectively. These amounts are to be utilised in various ways ranging from establishing emporia to the manufacture of buttons and toys.

*

Industries Consume More Coal: In spite of the lower offtake by railways, the main consumers of coal, the total dispatches of coal and coke to industries recorded an improvement during 1954 totalling 31,973,575 tons compared with 30,977,734 tons in 1953. Railways, however, accounted for only 11,291,828 tons against 11,408,540 tons last year. With a few exceptions, offtake of coal by all industries last year recorded an improvement which reflects the increasing tempo of industrial activity in the country. The steel industry increased its offtake by nearly 400,000 tons to 3,769,056 tons and electricity from 2,593,737 to 2,681,474 tons. Among other important industries, dispatches to cement industry totalled 1,455,247 tons last year against 1,416,554 tons in 1953, while the cotton textile industry increased its offtake from 1,707,954 to 1,758,410 tons.

*

Mica Insulating Bricks: A new process of manufacturing insulating bricks from waste mica, which are used in the construction of furnaces as backing material, has been developed at the Central Glass and Ceramic Research Institute, Calcutta. The bricks made of waste mica compare in properties and performance to vermiculite bricks of which about 500 tons are imported at a cost of nearly Rs. 500 per ton and the demand is likely to increase with the industrial development of the country. India is one of the largest producers of mica in the world, and huge quantities of mica waste, the disposal of which is a problem at present, can now be used as raw material.

*

Israel Paper Mills Progress: At the end of its first year of production, the American Israel Paper Mills Ltd., of Hadera—an enterprise involving an investment of $3,700,000 and IL. 600,000—was exceeding its scheduled level of production—40 tons a day and 1,000 tons a month—having manufactured 1,063 tons of paper in December 1954, with a daily output of certain grades reaching as high as 48 tons. Its total production during the first year of operation was 7,613 tons of paper of all kinds.

FINANCE

World Bank Loan for Peru: The World Bank recently announced a loan of $18 million to Peru. The funds will help to finance a project to irrigate 125,000 acres of new land in the coastal region of northern Peru. The land will produce food and long-staple cotton; the consequent reduction of food imports and increase of cotton exports will contribute significantly to the improvement of Peru's trade position. The total cost of the project is expected to be equivalent to $28.5 million. The Bank's loan will cover the cost of imported services, equipment, materials and supplies. The Government will provide the domestic currency needed to meet the local costs of the project. Work is scheduled to start in 1955 and the project should be completed in 1958.

*

Dutch Capital Investment in Indonesia: The total volume of Dutch capital investment in Indonesia is estimated at Rp. 2,534 million. The specification of this amount is as follows (in millions of Rp.). Sugar-estates and factories 400; Rubber-estates 450; Other estates 350; Banks 274; Tin-mines 10; Oil-mines 500; Shipping 100; Tram and Railways 150; Industries 50; Other investments 250.

*

Central Aid for Drought in Bihar: The Government of India have sanctioned a grant of Rs. 293 lakhs to the Government of Bihar on the formula of the Centre meeting half the expenditure on gratuitous relief up to Rs. 2 crores and three-fourths of the expenditure in excess thereof. The Bihar Government are having substantial reserves and investments, and they have been advised to utilise them. The Government of India have offered to assist the State Government, if necessary, by purchasing securities from them.

*

Swedish Aid to Underdeveloped Countries: Sweden has so far given a sum of 1.5 million crowns

per annum to the U.N. programme for technical assistance. Expert advisers have been sent out from Sweden and students from underdeveloped countries have been invited to attend Swedish universities and high-schools. The grant to U.N. is now to be raised to an annual sum of 3 million crowns. Furthermore, the Government has initiated a system of grants for special measures of support to Ethiopia and Pakistan. In addition, the same purposes have, since 1952, been attended to by a special Central Committee. A beginning has been made with a ten-month course in Stockholm for close on a dozen veterinary specialists from India and Thailand.

*

Sterling Area Gold and Dollar Reserves: It has been revealed that the Sterling Area gold and dollar reserves fell by $14,000,000 during March and stood at $2,667 million on March 31. Receipts of defence aid from the U.S.A. during the month are estimated at $21,000,000. In respect of February, $3,000,000 was received in gold or dollars from the EPU and $2,000,000 was paid to creditors of the Union in bilateral settlements. Payment was also made of the $8,000,000 quarterly instalment on the Canadian interest-free loan of 1942. On the provisional figures for the month, the United Kingdom had a surplus of £9,000,000 with EPU. This will fall to be settled in April, half in gold or dollars and half by reductions of debt to the Union.

*

U.K. Balance of Payments: A White Paper issued by the Treasury on April 5 reveals that Britain had a surplus of £160,000,000 on oversea trade and payments in 1954. Britain's earnings from exports and re-exports rose by £144,000,000 to £2,815 million; and she paid £118,000,000 more for imports, making the total £3,007 million. The gap between exports and imports was thus £192,000,000—an improvement of £26,000,000 on the previous year. However, in the second half of 1954 there was an overall deficit of £12,000,000 including defence aid, while Britain bought £65,000,000 worth more goods from overseas than in the first half of the year. The invisible trade surplus for the year fell by £31,000,000.

*

The Big Two: Two banking companies in the U.S.A., the Chase National Bank and the Bank of the Manhattan, have merged into the biggest financial house now called the Chase Manhattan Bank with joint assets totalling more than $7,500 million. Another merger to take place recently is that of the National City Bank and the First National Bank to become the First National City Bank of New York which at the end of last year had the combined assets of $7,180 million.

TRADE

Israel-Finland Trade Agreement: The sixth annual trade agreement between Israel and Finland signed recently provides for imports from Finland into Israel to the value of $8,400,000 and exports from Israel worth $8,300,000. The 1954 agreement was for $6,300,000 and $7,000,000 respectively. Israel's exports to Finland consist of citrus fruits and citrus by-products, motor cars and tyres, textiles and a variety of other industrial products. Imports to Israel from Finland consist mostly of paper, cellulose for paper manufacture, cardboard and timber.

*

Volume of Sweden's Foreign Trade in 1954: Sweden's balance of payments in 1954 resulted in a deficit of Kr. 111,000,000 ($21,500,000) (£7,580,000), as against a surplus of Kr. 340,000,000 for the preceding year, according to a survey by "Svensk Utrikeshandel". The volume of both exports and imports showed new records as compared with the previous peak year, 1951, the former an increase of 5 per cent, the latter of 4 per cent. In terms of value, Sweden's exports in 1954 went up by 7 per cent in comparison with 1953, reaching a total of Kr. 8,218,000,000, while imports increased by 13 per cent to Kr. 9,198,000,000, resulting in an import surplus of Kr. 980,000,000 ($190,000,000), as against Kr. 513,000,000 in 1953. The terms of trade deteriorated by about one per cent during the year.

*

Increase in Jute Goods Export: In view of the growing foreign competition which the Indian jute industry is facing, the Government of India has taken steps to assist the industry in overcoming its difficulties in the export markets. These steps include periodical adjustments of export duty on jute goods and the payment of ad hoc grants-in-aid to the industry for undertaking publicity work in foreign countries. The industry has been asked to develop market research and diversify the pattern of production as far as possible. As a result of these measures, the export of Indian jute goods improved from 747,000 tons in 1953 to 843,000 tons in 1954.

MISCELLANEOUS

Cairo Exhibits Czechoslovak Industrial Goods: One of the largest exhibitions of Czechoslovak products to be held this year has opened in Cairo which includes products of almost every branch of industry with special emphasis on heavy engineering like machinery and equipment for building dams, industrial plants and means of communication. In addition, there are on show Skoda 1200 automobiles, Jawa-CZ motorcycles, Zlin and Aero-45 aircraft gliders, a completely equipped operating room, radios, cameras, musical instruments, etc. Another part of the display features textiles, cut glass, jablonec costume jewellery, and food products. Czechoslovak trolley-buses, motor-buses, cranes, tractors, and agricultural machines are also on view.

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Japanese Bull-Trawlers for India: Three Japanese-built bull-trawlers, intended for the Government of West Bengal for experimental fishing in the Bay of Bengal, were expected to arrive in India in April. According to an agreement signed under the Indo-U.S. technical co-operation programme for the expansion and modernisation of marine fisheries, it was proposed to conduct bull-trawling operations in Indian seas by renovating and outfitting the existing trawlers of the Government of India's Deep-Sea Fishing Station, Bombay, and obtaining three new bull-trawlers from Japan for West Bengal.

*

Price of Tea for Determining Export Duty: The Government of India have issued a Notification fixing the price of tea, for the purpose of determining the export duty, at Rs. 3-8-9 per lb. as against Rs. 4-3 per lb. announced on March 1, 1955. The export duty at this price will be 8 annas per lb., being a reduction of 2 annas per lb. from the duty hitherto in force. The price is fixed on the basis of the weighted average price of all Indian tea sold in the London auctions during the previous month. This price will be notified on the 1st of every month. No deduction is made from the London auctions price for transport, insurance, etc., as these factors have already been taken into account in the fixing of the slabs in the Finance Bill.

NEWS IN BRIEF

INDIAN

According to the latest figures, nearly 2,600 new goods wagons, all manufactured within this country, were delivered to the Indian Railways during January 1955. The Railways had 26,000 wagons on order at the end of January which are expected to come in by the end of March next year.

*

A total sum of Rs. 2,28,000 was sanctioned for the anti-untouchability campaign for 1954-55 in the States of Punjab (Rs. 91,000), Pepsu (Rs. 37,000) and Himachal Pradesh (Rs. 1,00,000). Another sum of Rs. 12½ lakhs was sanctioned to Madhya Pradesh Government for the welfare of former criminal tribes, backward classes, etc.

*

During 1954, the Union Government sanctioned 39 industrial schemes in which Indian firms were required to pay royalties amounting to Rs. 44.60 lakhs to foreign firms for technical 'know-how'.

*

It is reported that over 38,00,000 acres of land have so far been received as gifts from various States for the Bhoodan movement. About 2,00,000 acres have been distributed among the landless.

*

Cash benefits totalling Rs. 19,23,167 were paid on account of sickness, maternity, disablement and dependants' benefits during 1953-54 under the Employees' State Insurance Scheme. A sum of Rs. 11,28,611 was spent on medical benefits.

*

Models, photographic reproductions, charts, statistical information, etc., relating to all industrial concerns under the Indian Government will be exhibited in the fourth round of display in Ceylon of Indian products to begin about the middle of May 1955, in the Government of India's commercial show room at Colombo.

*

In March last, the Rehabilitation Finance Administration sanctioned 118 loan applications for a total amount of Rs. 7.89 lakhs. The Administration had disbursed Rs. 935.91 lakhs as loan to displaced persons till the end of February, 1955.

*

The Government of India have reviewed the position about the stocks of Pashmina wool held by the trade and have decided to release a small quantity to be exported from the States of Punjab and Jammu and Kashmir.

*

With a view to implementing the Government of India's policy to purchase indigenous wheat (only white variety of the new crop) at the minimum price of Rs. 10 per maund and in consultation with the Government of India, the Government of Bombay is contemplating to start purchases of wheat through its own staff in different districts of the State.

*

A concrete pipeline factory, the first of its kind in India, to produce pipelines for water supply, will be established in Trivandrum under the Indo-Norwegian Aid Programme. Machinery and equipments valued at Rs. 40,00,000 will be supplied by the Norwegians while the cost of land, buildings, etc., will be met by the State Government.

*

The output of linoleum in India went up from 162,672 yards in 1953 to 336,273 yards in 1954, the installed capacity in both years being 450,000 yards per year. Linoleum was also exported to some neighbouring countries.

FOREIGN

The high-powered commissions recently set up by the Napalese King have left Kathmandu to visit all districts, and will report to the King within a month on the existing conditions there and suggest plans for alleviating the suffering of the people.

*

Japanese and Ceylonese fishing interests will collaborate in a scheme which aims at catching 400,000 tons of fish a month. Operations will begin with a catch of 10,000 pounds a day which will be gradually increased.

*

Japan may be the first country in the world to introduce monorail trains. A group of Japanese specialists are in Berlin studying the Alweg single rail system.

*

More than $16 million of America's $40 million economic aid to Egypt will be spent on railways. A ten-year programme has been drawn to rehabilitate and expand railways which are mostly State-owned.

*

The United States and Nepal have signed 26 technical co-operation programme and project agreements covering the fields of agriculture, education, village development, mining exploration, development of health, small industries and Repti valley multi-purpose development programme.

*

The World Bank has forwarded to its 56 member-governments the charter for the proposed $100-million International Finance Corporation to help private enterprise in underdeveloped areas.

*

During the early years of the Colombo Plan, the major portion of the United States Aid to India was devoted to agriculture, health and community development. More recently, emphasis has been given to the industrial field.

*

The French Government is considering a plan to transform the country's industry by the extensive use of atomic energy. If this scheme, costing about 100,000 million francs, is carried out France would be the first continental nation to possess atomic power station by 1962.

*

Swedish Bank rate has been raised by 1 per cent from 2¾ to 3¾ per cent as a new measure to curb inflation. It has been decided to float a new 4½ per cent State loan.

*

In response to an invitation by the U.S.A., India has agreed to send suitable workers for training in Atomic energy.

*

A semi-autonomous organization, within the U.S. State Department, to be known as the International Co-operation Administration, will be set up by June 30 next as a permanent new foreign aid organization in place of the expiring Foreign Operations Administration, to handle almost all aid programmes.

*

The Legislative Council of the West Indies has decided that freedom of movement in the projected West Indies Federation should not be allowed and the existing immigration restrictions between the islands should remain for five years, after which the matter would be reviewed.



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TWA/G/27

A Window on the World

IF GROTEWOHL EMULATED EDEN

By

ODYSSEUS

AS WE HAVE SPENT some weeks mulling over the principles of foreign policy, I think that it may now be profitable to take another look at the world around us to see in what conditions those principles must be applied.

One difference between 1955 and, say, 1855 is that transport and communications by air and wireless have tangled the peoples of the world in each other's hair today as never before. In 1855, nobody in Delhi heard of a London dock strike, or if a handful of merchants did who had goods on order that were late in arrival, it was not until months after the strike had been settled and it was too late to start worrying or place substitute orders elsewhere. The Czar, Nicholas, died in 1855 and Sebastopol fell, but these and other events did not reverberate round the world; they filtered gently by surface mail, and some of the letters got lost on the way and maybe Sikkim or Nepal never heard of Sebastopol at all until it got into the history books decades later, which they probably never read anyway. But today if Mr. Dulles is provoked by some obscure backwoods Congressman, a colourful description of the expression on his face is cabled round the world and causes anxiety in London, glee in Moscow, exasperation in New Delhi, and loses half of Indo-China to the Viet-Minh.

In 1855, the British navy policed the seaways of the world and on land the U.K. rubbed along pretty well with the Austro-Hungarian empire, France, and Russia, no other countries aspiring to argue about international relations. Looking back, we see that the world was maintained in a reasonably stable condition by a few frock-coated gentlemen sitting behind closed doors in four or five Foreign Offices.

But in 1955! The position is summed up by Mr. Adlai Stevenson, the leader of the American Democratic Party, in his sane, civilised, and readable booklet "Call to Greatness" (recently published by Hart Davis, London) thus: "In fifty years, distance has been obliterated by a technological revolution that has brought all mankind cheek to jowl and that has released the creative and obliterative power of the Atom..... Political revolution has shattered the map and created many new fragments of sovereignty", e.g., instead of the solid unit of Austria-Hungary stretching across Europe from Russia to Switzerland, we have seen the emergence after World War I of Czechoslovakia, Yugoslavia, Poland, the enlargement of Rumania and Bulgaria, the sawing apart of Austria and Hungary and their reduction in size to dots on the map. Nor did this upsurge of nationalism bring peace and stability, for within less than twenty-one years all these new frontiers had been forcibly re-drawn, and within twenty-seven years the vast area of the old Austro-Hungarian empire (except Yugoslavia) became subject to Soviet imperialism. And in place of the solid unit that used to stretch from Afghanistan to Siam, we have no fewer than four successor states: Pakistan, India, Ceylon, and Burma. Further East the sovereignty of the French and Dutch units has also been re-distributed. I do not argue that this splintering of once vast and solid units is good or bad, but that unless you bear it daily in mind, you will constantly catch yourself evaluating international relations and events in terms of vanished frontiers, units of power, and stability. We have an example just round the corner. If you still think of Kashmir only as a fairyland to which you go for the hot weather, you're thinking in pre-World War II terms. Today Kashmir is much more than a mere hill station—it has been promoted into a source of anxiety between two sovereign states.

HEIRS OF LOCKE AND J. S. MILL

After World War II, the centre of gravity in world affairs—which had been concentrated in London and Paris for a century or so—was suddenly split in two, and one half jumped across the Atlantic to Washigton, the other across Europe to Moscow. Instead of a wide world under the aegis of four great powers, we now live in the shadow of two colossi, the U.S.A. and the U.S.S.R.

These two colossi are suspicious of each other for several reasons. One of the most important is that their systems of thought are as wide apart as the North and South Poles. The U.S. way of life is based on the Anglo-Saxon system of government by consent. Like all systems it has its strong and its weak points. Unfortunately now that the world has been reduced to the size of a village (say, Chittaldrug in Mysore), what goes on is within earshot of all, and thus it is that one of the U.S. system's weak points thrusts itself on world attention: "As Americans", says Mr. Stevenson, "we are accustomed to political bad manners and Billingsgate...." Americans have learned to some extent to evaluate political abuse and mis-representation but they are liable to misinterpretation by those overseas who listen in. However, we may perhaps eventually learn to discern when a Congressman's defiant proclamation to China means nothing more than that he is after the local Catholic, Jewish, or Irish vote, and we can at least remind ourselves that America's defects are those of a democracy and not of a totalitarian system like that under which the Russians are regimented. Whatever the U.S.A. is, she is not "a fortress of ever more inscrutable, centralised, and ruthless despotism." Even when we disagree with U.S. attitudes, it is not impossible for us to understand them because our outlook on government is akin to theirs; we are the heirs of the Whig Revolution of 1688, of Locke and John Stuart Mill no less than they are. But I don't see how any Commissar can begin to understand American motives, or our's for that matter.

Whereas the U.S.A. had a whole continent to mop up its expansionist urges and was confined by the Pacific and Atlantic oceans, the U.S.S.R.'s urges brought it up against all manner of peoples linguistically and ethnically unrelated to it. Quietly and unreported, in the era before the Bob Trumbules and the Philip Deanes, the Russians carved out a colonial empire for themselves in Central Asia. (Why they get so righteous over what goes on in Britain's African colonies is not clear when their own empire is littered not with peoples battling for independence but keeping quiet to avoid being liquidated). Not content with expanding across Central Asia, the Russians pushed against Western Europe; they pressed for decades towards the Dardanelles and the Mediterranean. Until World War II they were contained.

WHO WERE THE WARMONGERS?

After World War II, the Americans, who evidently do not read history, were convinced that that bad old imperialist, Churchill, had got the Russians all wrong, that British aid to the Right in Greece against the Communists was reactionary intervention in the internal affairs of another country, that all you had to do to reassure the Russians' "justifiable" suspicions was to demobilise your own armies and to allow the Russians a "sphere of influence" in Eastern Europe; they would then settle down as good neighbours.

When I reflect over the history of the years 1945-47, when the U.S. army in Europe dropped from 3,500,000 men to two divisions (nominally 30,000 men) with no more than six reserve battalions at home, I am tired of hearing the Americans called warmongers. Was it the Americans who swallowed up ten states from the Baltic to the Black Sea—about 85,000,000 people? Was it the Americans who occupied Eastern Germany and Austria, who refused either to sign a peace treaty or to remove their troops?

Some people would reply by asserting that Czechoslovakia, Poland, East Germany and the rest are not Soviet dependants but allies, sharing a common ideology with her, just as Britain is an ally of the U.S.A. with whom she shares the democratic ideology. The shortest answer is to recall that throughout 1954 (and indeed right up to the Bangkok S.E.A.T.O. conference of 1955 and since), the initiative and leadership in the policy of the democracies passed from Mr. Dulles to Sir Anthony Eden (as was seen e.g. in the Geneva Indo-Chinese and the London Nine-Power Conferences last year). What would happen to Otto Grotewohl, Premier of Communist East Germany, if he so much as criticised Mr. Molotov's views, let alone toured the capitals of Europe initiating policies and conferences of his own, and flew to Peking to "neutralise" Mr. Molotov before the Chinese as Sir Anthony flew to Bangkok to "neutralise" Mr. Dulles before S.-E. Asia? My imagination fails to answer this question, and I offer a prize for the best description, not exceeding 500 words, of the scenes in the Kremlin, and of Herr Grotewohl's fate, which I will publish in this column.

If Churchill was right in keeping British troops in Greece and in urging Roosevelt to let the British and U.S. armies occupy a line as far east of Berlin, Prague, and Vienna as possible in order to save the independence of half a dozen nations, the Americans under Truman and Marshall made up for Roosevelt's error by incredibly and magnificently reversing their isolationist policy in 1947, by sending aid to Europe to enable it to preserve its freedom and to regain its economic health, by building up the defensive strength of the free countries all round the world, and by the politically courageous decision to re-mobilise their own armed forces.

Think what would have happened to all the splintered and re-distributed sovereignties of the vanished empires if the Americans had stuck to Roosevelt's "Don't let's annoy the Soviets" policy! When I consider the combined defensive strengths of India, Pakistan, Burma, and Ceylon, I am relieved to hear that the U.S.A. has greater forces in the Pacific than it had at the height of the war, including 400 naval craft, with 300,000 fighting men, 39 squadrons of aircraft with fighters and bombers, and other arms totalling 350,000 men equipped with the latest weapons. The calculation that this means nearly a million friendly troops on the watch should enable us to sleep more peacefully on our charpois in these hot weather nights.

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BOOK REVIEWS

CHINESE ECONOMIC HISTORY

Introduction to the Economic History of China: E. Stuart Kirby: George Allen and Unwin: 18 sh.

Any book which sets out to describe the economic history of China in 200 pages can only be an introduction; the author of this excellent little book has underlined its introductory character many times in his 200 pages. It might, however, be said that while this book is introductory in intentions it opens out a vast area for scholarship. Its bibliography covers 800 references in six languages, one of which is naturally Chinese. It may fairly be claimed that a work of this description is just what is required to indicate the area of study which the arrival of the People's Republic of China amongst the Great Powers now makes necessary.

Opinions will naturally differ as to the value of the opinions expressed by Professor Kirby. It would appear that he has written from the standpoint of Hong Kong where he is Professor of Economics and Political Science. He is very apt, it would appear, to take a wishful view on the future of the Communist regime. His last two paragraphs deserve reproduction as indicating a tendency to draw from past history conclusions acceptable to the free world.

"The external forces now pull China two ways, between the two great camps into which the world is frankly divided. Momentarily, the Chinese people on the mainland are allowed only to look to Russia for the economic and social development which they need. This is the quarter in which they are least likely, because of the facts of economic geography, because of all the antecedents of their cultural and social problems, to find what they need. Eventually China must turn again to the sunward side of the world for help and contact; then the brittle dogma of Marxism will crumble, and the party uniform, in which the past history of China is now being decked, will be contemptuously discarded by posterity.

"Meanwhile, however, the actual evidence of history is being suppressed and falsified by the temporary masters of China; it is an urgent task to preserve the records. It is necessary also to maintain and extend our knowledge and understanding of China, against the day when the Communist Dynasty in its turn falls, and China is able to seek again for ideas from the free world."

If the facts of economic geography and the antecedents of China necessarily spell the defeat of Communism, those facts are singularly absent from the narrative.

Notwithstanding the fact that this book has been written by a scholar who has chosen one side in the great controversy and may not have the proper objective approach to current events, this is a book which should be widely read in all countries that are now trying to appreciate China's great achievements in recent years.

ECONOMIC DOCTRINE

Economic Doctrine and Method: J. D. Schumpeter: (Allen and Unwin): 15 sh.

The "Epochen der Dogmen-und Methodengeschichte" was published 43 years ago. One wonders perhaps why it has not been translated into English for nearly half a century. Yet though belated, this translation is still very useful—it has to be said, however, that the German original reads vastly better than its English counterpart.

The book is divided into four sections: the first chapter gives a broad survey of economic thought from the days of Aristotle to the beginnings of modern times; the second chapter traces the development of the conception of the circular flow of economic force; the third deals with the main theorems of the classical economists; and the fourth chapter describes the genesis of the school of marginal utility.

As one would expect, there are bits and pieces in this book which are outdated. But on the whole it still is an excellent guide for the student to the history of economic doctrine. It is not, what one might call, a mere crammer. It is a guide book all right, but one that whetens the appetite of the student and will make him go to the sources. Most valuable of all are Schumpeter's judgments of the various authors and their theories. His criticism is sharp enough in places but, on the whole, positive. He is throughout trying to build up from the works of individual thinkers the development and the continuance of economic study and method.

PUBLIC ADMINISTRATION

The Indian Journal of Public Administration: Vol. I, No. 1 (Quarterly January-March 1955): Pp. 88: Price Rs. 2-8-0: The Indian Institute of Public Administration, Sapru House, New Delhi—1.

The Indian Institute of Public Administration is making an addition to our quarterly journalism—in which the best ideas can be expounded in leisure and with learning, though Indian quarterlies have not always lived up to these standards. The future of a journal which has taken this limited field for its themes will be watched with interest. Two great experts in public administration—Mr. Paul H. Appleby and Mr. W. A. Robson—have contributed to this first issue. There is an authoritative account by Mr. Bapat of the working of O and M in the Central Government Ministries.

For a journal which desires to stimulate thought on current problems of administration here and elsewhere, the other contributions to this issue are of uneven quality. The journal can fulfil an important role just at this juncture when our ideas on public administration are in the melting pot and when it is easy to get the wrong ones out in the search for new systems. More thought must be bestowed on planning future numbers of this journal than has now been done, to stimulate discussion on a wider range of subjects.

LABOUR LAWS

Labour Adjudications in India: Compiled by D. G. Damle: Orient Longmans Ltd., Bombay, Calcutta, Madras: Price Rs. 35.

The literature on labour problems is a growing one. Labour Adjudications in India (1942-47) compiled by Mr. D. G. Damle comprising the text of Bombay Awards

and summary of a few awards made in other States during 1942-1947 under the Defence of India Rules 81A is a welcome addition in the field of labour literature. The awards mostly relate to matters like re-instatement of workers, leave with wages, interpretation of standing orders, gratuity, bonus, working conditions, dearness allowance, etc. in chemical industries, engineering works, oil companies, insurance companies, silk and woollen mills in the State of Bombay. This substantial volume of 1000 pages contains the full text of almost all the awards, under defence of India Rule 81A, till the end of 1947. The classification of awards industry-wise is helpful. The summaries of the awards from other States, like U.P., Bengal, Bihar M P., Delhi, Madras, Orissa, Sind, give the reader an idea of the principles adopted in labour adjudication in these States.

In the introduction, an issue has been raised whether compulsory arbitration would serve the useful purpose it did in war time. It is argued that the adjudication approach did very well indeed during the war time to secure peace, but at present the state of labour relations in different industries is such that modifications in compulsory arbitration will have to be made, because in the opinion of the compilers, "the principle of voluntary agreement or arbitration in industrial disputes is much more conducive to the improvement of industrial relations than compulsory adjudication or arbitration." The declining figures, since 1948, of strikes and man-hours lost can hardly be interpreted as indicating increase of peace between capital and labour; it is partly an imposed truce, with both parties in a discontented, if restrained, mood. However, there is little evidence that voluntary arrangements reminiscent of the still-born Giri approach would have done any better.

This is a valuable reference work which should be on the shelves of every Labour Officer.

REFERENCE BOOK

Statistical Yearbook 1954: Prepared by the Statistical Office of the United Nations: New York, United Nations. Paperbound 40s.: Clothbound 45s.

This new issue of the UN Statistical Yearbook (the sixth) assembles in 179 tables international statistics on demographic, economic, financial, social and cultural subjects. It contains generally data covering a twenty-year period up to 1953 or the middle of 1954. The general plan of the previous editions has been maintained; but, in addition to the inclusion of a new table on the number of television receivers in use, many improvements have been made in existing tables. Thus, for seven federal countries, including India, information is now given on the budget accounts of both the central and regional authorities.

The Yearbook constitutes the most comprehensive collection of international statistics and is an indispensable reference book for all students of world affairs.

SUGAR INDUSTRY

The Indian Sugar Industry: 1953-54 Annual: Editor M. P. Gandhi: December 1954: Price Rs. 6: Messrs. M. P. Gandhi & Co., Jan Mansion, Sir P. M. Road, Fort, Bombay.

This annual encyclopaedia on the Indian sugar industry has made its appearance later than intended but enriched by the delay. This industry features less in the headlines these days than before, but its problems have not by any means become simpler. It is an outstanding case of failure to expand capacity when the market has grown but as Mr. Gandhi has stressed, sugar is made in the fields, not factories. Even so, if the factories are in the right places, the fields may not fail as often as they do now.

The mass of detail about the problems of sugar has grown with every edition of this Annual but it is now something of a wild growth of statistical tables, a general section and the review. Some pruning is overdue to make it a useful book of reference and the confusing five-fold paging has no justification.



Letters to the Editor

'EMPLOYMENT POTENTIAL OF ROAD TRANSPORT'

Sir,

My attention has been drawn to your article "Employment Potential of Road Transport", appearing on page 99 of your issue dated January 21.

In it you have referred to employment figures as per 1951 census. In considering them, we have to take into account two factors, (1) the grouping employed in those figures and (2) their splitting up, as far as is practicable, into correct proportions. Allowing for them, the total figure of employment in road transport works out to 11.8 lakhs as shown in Table A. In this figure, 1,27,000 under construction and maintenance of roads seems to be an underestimate for an average expenditure of about Rs. 40 crores per annum under this head. Probably a portion of the actual number employed has been shown under some other group.

Against your estimate of 12 lakhs of hands employed at present in road transport, my estimate, at what you have called "the magnified ratios" works out to 11.67 lakhs, based on the number of each category of vehicle as detailed in Table B.

As to the correct number likely to be employed on P. S. Vehicles, Lorries and contingent services, I could not get authentic information from sources other than the Bombay State Transport Corporation. Particulars of these are set out in Table C, which shows that their actual number was 6 on traffic and 3½ on contingent services. I have taken 6 and 3 per P.S. Vehicle and 4½ and 2¼ per truck. Your suggested overall figures of 5 for the former and 3 for the latter seem to be on the underside in view of the stipulation in the Motor Vehicles Act that an employee has to work for 7 hours a day only. In practice this factor will make a noticeable difference to the number of hands employable.

TABLE A

Employment in Road Transport

1951 Census

1.	Crude Petroleum and Natural gas	2,400	
2.	Stone-quarrying etc.	73,200	Total 122,000 divided into 60 per cent for roads and birdges and 40 per cent for rest as per note below.
3.	Transport equipment	72,000	Total 216,000 divided into 1/3rd for road and 2/3rd for other forms.
4.	Products of Petroleum and coal.	12,000	
5.	Construction and Maintenance of roads, bridges and other transport works	1,27,000	Total 149,000 divided in the ratio of 7:1 which appr. the ratio of road and railways.
6.	Transport by road	8,94,000	
	TOTAL	11,80,600	

Production on Constructional Activities During 1950-51

	Roads and Buildings			**Other Constructions**	
1.	Stones, bricks and sand Total 16,152 tons. That for roads and bridges assumed at 40 per cent.	6,460	Tons	9,692	
2.	Metal for black top roads	1,080	,,	..	
3.	Metal for W.B. Mac. roads	7,560	,,	..	
		15,100	,,	9,692	
4.	Miscellaneous 10%	1,510	,,	696	
		16,610	,, 60%	10,661	40% = 27,271

Source: 'The Eastern Economist' Pamphlet—25.

TABLE B

		Number of	**Hands Employed**	
Motor Industry				
(i)	**Drivers/cleaners/conductors:**			
	Private Cars	1 x 1,47,953	= 1,47,953	
	Cabs.	1½ x 11,482	= 17,223	
	P.S. Vehicles	6 x 34,271	= 2,05,626	
	Lorries	4½ x 89,334	= 4,02,003	7,72,805
	TOTAL	2,83,040		
(ii)	**Workshops, petrol pumps, accessory dealers, other small kindred trades, say 50 per cent of the above**			3,86,402
(iii)	**Motor Manufacturing Industry** (P. 138, United Asia, Vol. 5, November).			8,000
	TOTAL			11,67,207, say 11½ lakhs

TABLE C

Number of Hands Employed

1. Aggregate strength of S.T. whole organisation on 31-3-52 (staff P. 60 Report on Administration of B.S.T. 1-4-48 to 31-3-52) .. 12,046

2. Operating vehicles (Col. 12 App: VII Ibid) .. 1,268

3. Strength per operating vehicle .. 9.5

4. Distribution per cent of staff:

	I Year Ending 31-3-49*		II Year Ending 31-3-51**		Aver.
(i) Traffic Staff ..	Rs. 5.88 Lakhs ..	67.2%	Rs. 49.61 Lakhs ..	61.1%	64%
(ii) Garages and Depots ..	„ 1.55 „ ..	17.7%	„ 11.19 „ ..	13.7%	16%
(iii) Workshops ..	„ 1.32 „ ..	15.1%	„ 20.47 „ ..	25.2%	20%
TOTAL ..	Rs. 8.75 Lakhs ..	100.00%	Rs. 81.27 Lakhs	100.00%	100%

* P.xx, Trading Acct. year ending 31-3-49) Report of Administration.
**P.xxxvi, Working Acct. year ending 31-3-51) Report B.S.T. Corp.

5. Distribution of staff as in item 3 ..

(i) Traffic ..	0.64x9.5=6.0	: 6 say	2
(ii) Garages and Depots	0.16x9.5=1.5	)3½ „	1
(iii) Workshops ..	0.20x9.5=2.0	)	
	9.5		

—From the Administration Report of S.T. Bombay.

Yours faithfully,
B. V. VAGH.

27, Bastion Road,
Bombay.

COMPENSATION

Sir,

In your "Delhi Diary" of 'The Eastern Economist' of April 1, 1955, you have rightly posed a crucial question whether the Governments are free to profit in a manner which in principle is iniquitous for private property owners?

My reply is that, the Governments, City Improvement Boards and Municipalities are profiteering on a large scale but put restrictions on the private owners. In one of my cases I posed this very question to the Madhya Bharat Government and it replied that the policies of the Government should not be questioned.

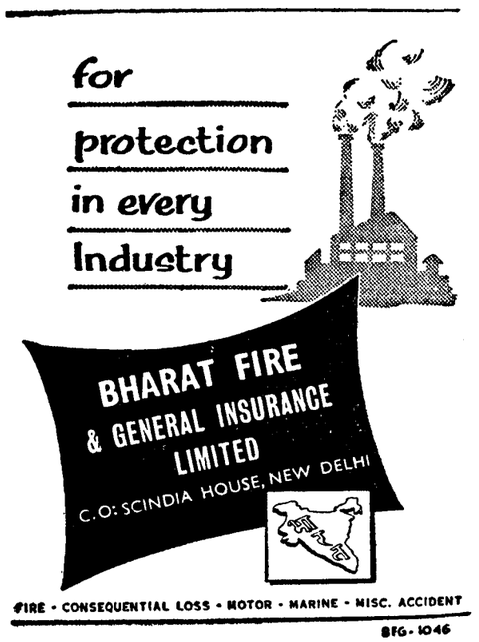
There is every possible fear that the amended Constitution will be used sooner than later as an engine to level down the peaks and establish a socialistic pattern of society. I want to go on record to the effect that the octopus of New Despotism in India will sink its tentacles deep.

Thanking you for spotlighting the other side of the Amendment controversy.

Yours faithfully,

N. C. ZAMINDAR.

Bada Rawala, Juni, Indore.



A DELHI DIARY

OUT OF THE EATER

"Out of the eater came forth food

And out of the strong came forth sweetness."

THIS couplet has no reference to Samson's riddle in Judges XIV; it refers to the Finance Minister of India who appeared last Monday in the most extraordinary role of the strong giving forth sweetness. Some of the tax concessions were the more welcome because they were unexpected. Some of the concessions seem still to be unjust. Fortunate people who, with great foresight, arranged to have entertainment allowances written into their contracts will be able to receive 20 per cent of their salaries in this enjoyable non-taxable form up to a limit of Rs. 7,500 per year. Those unfortunate individuals like myself who have not deprived the exchequer of any of its resources by reason of the fact that they have not previously utilised entertainment allowances will be taxed in future for their generosity. The man who was wise enough to insert an entertainment allowance clause in his contract gets away as nimbly as before. But I must not appear personal or parochial in this matter. There has been a generous display of concessions which I take to be a departure from the austerity which the Budget associated with a "socialistic" pattern of society. As I do not desire the "socialistic pattern" of society, I must applaud every departure therefrom, whether I am personally a beneficiary of such a departure or not. I, therefore, with a loud noise proclaim my admiration for the Finance Minister. He has shown courage and resilience and I consider that he has lived fully up to the standard of Samson's lion. Out of the eater in truth has come forth sweetness.

While the tax concessions took the Lok Sabha by surprise on Monday and warmed the collective heart of that austere body, there were several complaints that the revised recommendations were so complicated that they could not be taken in by the collective mind. I should have thought the fact that the Finance Minister had produced virtually a new Budget in order to satisfy the emotional longings of many Members of Parliament was a good argument for making an appeal to the mind unnecessary. It seems, however, that Members of Parliament want to have it both ways. They wish to applaud the Finance Minister for meeting their heart's desires, but still wish to exercise their minds in criticism the better to indicate their mastery of finance. It is certainly a paradoxical thing that Members of Parliament who ordinarily shun finance eagerly seek out destructive figures during this Budget session. The complaint that such intricate changes in the taxation proposals need much time for study is merely one indication that Members of Parliament wish to appear much more sophisticated than in fact they are. The Finance Minister has succeeded in giving satisfaction on this count also, for he has succeeded in making fairly simple proposals look as complicated and erudite as a problem in relativity!

CASUS BELLI?

One would have thought that an appeal to the heart of the Members of Parliament would have tempered criticism of the Finance Minister. In point of fact, Tuesday showed Members of the Lok Sabha more querulous than ever before. They demanded the presence of the Finance Minister and applauded Pandit Thakurdas Bhargava when he said that "a debate on the Finance Bill without the Finance Minister was a farce". The excuse that the Finance Minister was ill did nothing to reduce displeasure and when the Deputy Minister, Mr. M. C. Shah, bravely rose to indicate that the Finance Ministry was not totally absent, the anger of the House turned on him. While the Finance Minister particularly after his determined efforts to please popular opinion should have had a better response, one cannot help feeling that the total absence of Ministers of Cabinet rank in the Lok Sabha is a direct reflection on the opinion which the Government entertains of Parliamentary work. One hopes, however, that the outburst against the Finance Minister, greater than at any previous time, will not lead to unfair criticism of a sick man. After all, even Finance Ministers are human, and acts of God (in the form of indisposition) visit them from time to time, particularly after a most strenuous Budget session.

ALBERT EINSTEIN

Relativity is in the news. The death of Albert Einstein on April 18 was a sad surprise here because no one seems to have known that he was ailing. There have been spontaneous tributes to one of the greatest men of all time. I do not suppose that any of these tributes is based upon a knowledge of Einstein's truly tremendous contributions to physical theory or mathematics. But it is as if his greatness was sensed rather than understood. I pay one particular tribute which I believe is not unique. Einstein was not the first great genius who has failed in his early examinations. But he failed more thoroughly than any other. He ran away from school and then finished a university course in Switzerland only with great difficulty. May I deduce from this that like most of us weaker mortals, he was not understood by the educational system of his time?

My knowledge of relativity is unhappily a little vague. I can, however, claim to have read Albert Einstein's simple work on Relativity and (more proudly) I can claim to possess a copy of this book signed by the great man himself. This book is available for inspection at "The Eastern Economist", but, lest I should be accused of profiteering immediately after his unhappy demise, I must proclaim that it is not for sale!

For those whose acquaintance with relativity is vaguer than mine, I take the liberty of reproducing a well-known limerick on the Theory of Relativity because it seems to me that it expresses, even if somewhat romantically, the heart of the matter.

There was a young lady called Bright
Who travelled faster than light,
She set out one day
In a relative way
And arrived the previous night.

There is only one fallacy in this excellent precis of relativity theory and that is that it is one of the fundamental assumptions of that theory that one cannot travel faster than light. I am sorry, therefore, to say that the Bright girl's adventures cannot be entirely true!

ARGUS.

Special Articles

CANADIAN ECONOMY

IN the post-war era, Canada's economy has been cited as an example of greatest dynamism in expansion —with the exception of the United States. In Canada itself, the period since 1946 has been regarded as one of the three great periods of expansion. The Second World War provided a strong impetus to industrial expansion but defence needs took priority. Yet, the physical output of the Canadian economy in 1953 was estimated to be 2.3 times that of 1938 of which only less than half was due to the stimulus of war. The capital development since then has sustained a high rate of growth in the seven years since 1946 which even ignored the U.S. recession of 1948-49. It is only lately that some slackening has been noticeable in the tempo. It is thus that Canada's economy may merit some comparison with the Indian which has acquired a delayed but an apparently greater dynamism since 1952.

Canada has an area of 3.8 million square miles and has, according to the latest available figures, a population of only 15.2 million, as against India's area of 1.3 million square miles and a population of 377 million. Equally noteworthy is the "per capita" income in the two countries. As against India's "per capita" income in 1954 of Rs. 284, Canada's estimated "per capita" income is a little over Rs. 6,000 (£465). In other words, Canada's "per capita" income today is as much as 21 times that of India. Mr. Colin Clark, taking as his unit of comparison the amount of goods and services one rupee would have purchased in 1948-49—a so-called "oriental unit"—gives India a place towards the bottom of the world's scale and Canada (and the U.S.) at its top. In his estimate, the "per capita" national income of Canada is 7,000 oriental units and that of India between 150 and 200 units. This contrast provides a striking indication of the economic prosperity of this North American nation, particularly since the Second World War which provided a very strong impetus to industrialisation.

During the eight years from 1946 to 1954, the population of Canada has been increasing at an average of 2½ per cent per annum, and new investment in fixed capital has been estimated to be equivalent to more than 20 per cent of the gross national product. Subsequently, these rates of expansion have been higher, the population increasing to over 2½ per cent per annum, and capital investment representing over 23 per cent of the gross national product. These are high rates of growth by any standard of comparison. This continuing surge of capital expansion started right after the war and reflected the demands of a capital-starved civilian economy. Quite a large number of industries were in urgent need of re-equipment. Acute shortage of housing, public utilities and social facilities had to be overcome. The economy began growing rapidly. Great new projects for resource development were getting under way—particularly in the field of hydropower, minerals and wood products. The Korean war gave added impetus to investment.

On a comparison with India, it would, however, be evident that the dynamic elements have been more significant in our country than in Canada. It will be found from the following table that the rate of rise in India's industrial production is far in excess of Canada's.

It is clear that whereas until 1951, Canada's rate of progress was much more remarkable than that of India, from 1952 onwards India's rate of production has been reflecting a significant spell of dynamism. This dynamism has been partly the result of the end of food shortages, which has helped not only to foster contentment and revive confidence but also to enlarge purchasing power sufficiently to promote industrial production. Indian economy has, indeed, exhibited great vitality during the last three years—agricultural production having increased by 20 per cent and industrial output by over 30 per cent. The second Five-Year Plan bids fair to provide a much greater stimulus to industrial production.

Industrial Production

1948=100

	Canada	India
1948	100	100
1949	102	98
1950	108	97
1951	115	108
1952	119	119
1953	127	125
1954	125	135

In Canada, it began to be apparent in the fall of 1953 that the post-war year-by-year expansion of its economy was slowing down. The principal declines have stemmed from the small western grain crop, reductions in business spending on new machinery and equipment, and lower purchases by consumers of the more durable kinds of goods. The lower expenditure on capital equipment and consumer durables was largely, but not wholly, offset by new records of production in Canada's lumber, pulp and paper, mineral and petroleum industries. The net result was that its gross national product in 1954, estimated at $24 billion, was 2 per cent or $400 million below 1953. For the most part, the decline in production was confined to the goods-producing industries, particularly agriculture and manufacturing. The reduction in agricultural output was itself equal to about 2 per cent of gross national product. But this decline, it may be noted, was the result of natural and uncontrollable factors and its impact was partly offset by the existence of large inventories of grain.

On the industrial side, unevenness in the rate of growth, as well as adjustments within industries, are more characteristic of an expanding economy such as Canada's than of a mature or static economy. The declines, however, do not warrant any concern, considering the vast expansion. The declines in capital equipment and consumer durables were reflected in reduced activity in the primary iron and steel industry. The output of metals and minerals, however, continued to grow, supported by strong markets at home and abroad. The output of oil and other petroleum products increased at an impressive rate, giving more employment and enabling the country to reduce its dependence on external supplies. The principal sustaining factor behind the demand for goods and services in 1954 was consumer expenditures which increased from $15,100 million in 1953 to nearly $15,600 million, or a little over 3 per cent.

With comparative stability in personal income, the growth of 3 per cent in consumer expenditure resulted in some decline in the rate of personal saving. Thus, personal saving, or the amount set aside from current personal income, constituted 6.8 per cent of disposable income in 1954. In absolute terms, personal saving fell from $1,539 million in 1953 to $1,137 million in 1954, a decline of $402 million. Likewise, there has been a decline in investment and capital expenditure. Investment in plant, equipment and housing in 1954 amounted to $4,546 million, a decline of $294 million or 6 per cent from 1953. This is the first post-war decline. Most of the reduction was in machinery and equipment which was 17 per cent lower than in 1953. But, despite the decline in capital investment during 1954, it was still high in absolute and relative terms, and constituted 19 per cent of gross national expenditure, compared with 20 per cent in 1953. The total of public and private capital expenditure declined by $343 million, or 6 per cent. This is in contrast with the continued advances of the post-war period. But, when all is said, it must not be forgotten that the decline in 1954 does not mark the beginning of a new trend, since capital forecasts for 1955 indicate a further increase of about 6 per cent.

(In Millions of Dollars)

	1951	1952	1953	1954 (Prelim.)
Personal Income	15,693	17,145	18,085	18,144
National Income	17,138	18,254	19,086	18,735
Gross National Product	21,474	23,202	24,416	23,985
Gross Domestic Investment	5,430	4,526	5,445	4,316
Total Capital Expenditure	4,577	5,285	5,841	5,498

NOTE: Personal income differs from national income in many ways, although the components of these two totals are, for the most part, similar or identical. While national income is the total of the annual earnings of all people from the production of goods and services, personal income is the sum of current receipts of income, regardless of whether these receipts are earnings from production.

EMPLOYERS AND VOLUNTARY LABOUR WELFARE

(CONTRIBUTED)

ONE often hears it said that there is as yet no social security for the industrial worker in India, in the sense in which it obtains in the United Kingdom or the United States, or even in Australia or New Zealand. But no one can gainsay that he has already gone a long way towards that goal. The Employees' State Insurance Act, 1948, which is being implemented by stages, provides, 'inter alia', for (1) sickness benefit, (2) maternity benefit, (3) disablement benefit, (4) dependants' benefit and (5) medical benefit. Of these, maternity and disablement benefits were already covered by the Maternity Benefit and Workmen's Compensation Acts. The new Act, therefore, provides against only three new contingencies. As a matter of fact, however, even these three benefits were being enjoyed by the Indian worker under various labour welfare programmes, though they have not been provided for by any Act of Government. The purpose of this study is to examine how far the Indian employer has voluntarily looked after the welfare of the workmen he employs and how far he has introduced welfare schemes under compulsion of law.

Broadly speaking, the term, "welfare" implies a condition of well-being and happiness. In a limited sense—the sense in which it is understood in labour welfare—it connotes measures to make life worth living for workers. In short, labour welfare means "efforts on the part of employers to improve, within the existing industrial system, the conditions of employment in their own factories". It includes "any arrangements of working conditions, organization of social and sports clubs and establishment of funds by a firm, which contributes to the workers' health and safety, comfort, efficiency, economic security, education and recreation".

While labour welfare work, according to some, includes services made compulsory by law, it implies, according to others, work for improving the health, safety and general well-being and the industrial efficiency of the workers beyond the minimum standards laid down by the Factories Act and other labour legislation. It will, therefore, be interesting to study the growth of labour welfare services in India from both these points of view. For lack of reliable information and figures, the following study is confined to the city of Bombay in three different periods: pre-war (1943), during war (1948) and post-war (1953).

GROWTH OF WELFARE SERVICES

Voluntary welfare work began in India during the inter-war years and largely expanded during and after the Second World War. A few enlightened employers realised that well-planned welfare programmes in the long run enhanced their profits. The welfare activities, reflecting improved health and efficiency of the workers, proved to be a real incentive to increased output. Improvement in the workers' well-being increased their productive efficiency. Accordingly labour welfare programmes in factories tended to and have been expanding year by year, especially during and after World War II. Table I below shows the extent of their growth in Bombay city in the years 1943-1953:

TABLE I

Growth of Industrial Units with Welfare Activities

Year	Total Units	Units with Welfare Activities	Percentage of (2) to (1)
	(1)	(2)	
1943 ..	105	40	38
1948 ..	120	58	48
1953 ..	130	88	68

As the foregoing table shows, of the 130 units, big and small, that were studied, there were, in 1948, only 120 and, in 1943, 105. It will thus be noticed that the increase in the number of industrial establishments was followed by a much faster increase in the number of the welfare-minded. It is also evident that the development and growth of labour welfare work in Bombay city was rather slow. In the year 1943, there were only 38 per cent of the units with some kind of welfare work; that is, on an average, one in every three was welfare-minded. In 1948, there were 48 per cent of them, that is, nearly one in every two. In the next five years, the city witnessed a much faster development in welfare work. As a result, in 1953, almost two in every three firms were welfare-minded and, what is significant, had programmes much beyond the minimal requirements of even the remodelled Factories Act, 1948. The following table summarises the details of the welfare programmes in the units covered:

TABLE II

Growth of Welfare Activities in Industrial Units

Nature of Service	Number of Units		
	1943	1948	1953
Medical Aid ..	12	24	30
Financial Aid During Illness	4	10	12
Provident Fund ..	6	8	12
Gratuity ..	8	10	12
Co-operative Credit Society ..	6	8	10
Housing ..	3	4	5
Recreation ..	0	5	10
Creche ..	5	10	12
Canteen Run by Management ..	4	10	15
Canteen Run by Contractor ..	0	18	22
Grainshop Run by Contractor ..	0	8	10
TOTAL ..	40	58	88

(The totals have been arrived at by avoiding double counting).

It is noteworthy that managements have generally paid first attention to medical aid as part of their welfare services. In 1943, there were 12 units rendering medical aid to their workmen; their number rose to 24 in 1948 and to 30 in 1953. Free medical consultation and advice, free dispensing of prescriptions and free hospitalisation were the usual highlights of medical aid. But the nature and extent of medical aid afforded differed widely from establishment to establishment. For instance, some did not have dispensaries, but had only medical consulting rooms; others employed part-time services of medical men, while still others engaged the services of full-time doctors. There were certain others yet who did not provide any medical service but rendered financial aid during illness by paying the bills of doctors and druggists, or by granting leave with half-pay, or both.

Provident fund, gratuity, financial aid during illness, accident compensation, maternity benefit, etc., all come under cash benefits provided by employers to their workmen. As the table above shows, these services have registered a remarkable growth in the decade 1943-1953. But it should be mentioned here that, in recent years, especially after the passing of the Bombay Industrial Relations Act, 1946, provident fund and gratuity have come in for adjudication by industrial tribunals and have, therefore, ceased to be voluntary. And, as regards accident compensation and maternity benefits, managements generally pay only what is required by the Workmen's Compensation and Maternity Benefit Acts. Hence financial aid during illness is the only item of voluntary service, and this is mostly rendered by way of loans by co-operative societies, wherever they exist.

The Factories Act, 1948, prescribes that every industrial unit employing 250 and more workers should provide canteen facilities for its employees. It is no wonder, therefore, that the canteen movement gained momentum as part of labour welfare programmes; and their importance naturally increased during war when rationing was introduced due to food scarcity. As their number increased, some managements preferred to lease them out to contractors.

The grainshop services were all voluntary and, like canteens, a result of the introduction of rationing in the country during the war. In this connection, it should be remembered that the canteen and grainshop services were heavily subsidised by the managements.

Similarly, the creche, a nursery for children of women workers, is also an item prescribed by law for every unit employing 50 or more women.

Recreation is another item of voluntary welfare work. Before the war, this did not form a significant part of labour welfare programmes sponsored by industrial management. It caught their imagination only during the war and has since gained momentum. Now a good number of units give attention to providing their workers with facilities for sports and games, both indoor and outdoor. Managements now also organize reading rooms where workers can entertain themselves by reading illustrated newspapers, magazines and books, and, often-times, even provide a radio as part of their recreational programmes. These activities are usually well attended by workers. This recreation movement has received an added fillip by the Government of Bombay organizing labour recreational centres in various localities of the city.

It can thus be seen that, by and large, labour welfare programmes in industrial units are voluntarily sponsored by the managements, only a few items thereof being enjoined on them by law.

In other words, the Indian managements have not always been a class of buccaneering capitalists, as they are often represented to be. On the contrary, they have taken interest in the welfare of their employees and have initiated various types of labour welfare programmes, long before Authority thought of providing them by law. They have been trying genuinely to serve those who serve them.

THE SOORAH JUTE MILLS COMPANY LIMITED

NOTICE is hereby given that the 118th 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 11th May, 1955 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, 1954.
(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 2nd to 11th May, 1955 (both days inclusive).

By Order of the Board
HINDUSTAN INVESTMENT CORPORATION LTD.
Managing Agents

CALCUTTA,
Dated 20th April, 1955.

In particular to Mr. Alexander Holmes King Mr. Kasam Ahmad Vais and Mr. E. S. E. Moses

NOTE: The Directors have recommended dividends, on Preference Shares at 7 per cent (Free of Income-tax) and on Ordinary Shares at Re. 1 per share (Free of Income-tax).
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 11th May, 1955. No application need be sent for dividends, as relative Dividend Warrants will be posted to such Shareholders by the 31st May, 1955.
The shareholders are advised to notify any change of address.

The Business World

STATE TRADING—ECONOMICS VERSUS ETHICS?

By

CROESUS

HOWEVER glorious the ethics of state trading may be, one is not—nor can one be expected to be—enthused about the economics of state trading, at any rate, from the experience that we in this country have so far had of state trading generally. The entry of the Government of India into the field of sugar trade, for example, has created a number of complications, and it is not surprising, therefore, that Mr. Gulabchand Hirachand devoted a good part of his chairman's address to a discussion of this subject when addressing the shareholders at the 47th ordinary general meeting of Walchandnagar Industries Ltd. last Friday.

The whole philosophy underlying the import control policy of the Government of India, as far as I have been able to understand it, is that the interests of the indigenous industry must not be affected adversely and the consumer should not be made to pay an unduly high price for his requirements. It is, however, doubtful if, in practice, this is actually being followed. As in the case of parallel ownership of industry, in this case also, where the state also have a stake as much as the trade, the state is naturally anxious not to show itself as relatively less efficient or to make any losses. But, so long as the state's functions are not confined merely to the marketing of sugar, but extend to the protection of the sugar industry in the country generally as well, my point is that it cannot, in fairness, follow its present sales policy. True, there has been a very large influx of imported sugar. In the 1953-54 season, for instance, the total imports, including raw sugar, arranged for aggregated 6 lakh tons, out of which, it would appear, more than 50 per cent has arrived so far. Even if account is not taken of the 6¼ lakh tons of the estimated imports during the season 1954-55, the statistical position of sugar is, to say the least, exceptionally comfortable. To give relevant figures to substantiate the statement, total supply for the current season (1954-55) is expected to exceed 20 lakh tons, as compared to a little over 18½ lakh tons in the season immediately preceding.

If Indian consumption of factory-made sugar had been anywhere near the 18-lakh-mark—the estimated consumption of white sugar last year—one need not have been apprehensive about the outlook for the sugar industry. But spokesmen of the sugar industry are of the opinion that "consumption of sugar is definitely on the downgrade and, looking to the low price of gur", they say, they will not be surprised "if it shows a decrease of at least 2 lakh or possibly 3 lakh tons at the end of the year." This incidentally explains why the Government is in such a hurry to dispose of its own stocks even, if need be, by reducing the issue price, as it has only recently done in respect of the issue price of sugar imported from East Germany.

Now for a few comments on the sugar import policy and trading in sugar of the Government of India. In the first place, there does not appear to be any preconceived planning in regard to the Union Government's import programme. The result has been a large influx of imported sugar. Even as it is, the Government has been carrying heavy stocks of imported sugar in its godowns and, on top of it, it has chosen to enter into large-scale commitments for further imports during the year, as already stated.

Secondly, the Government has adopted the practice of supplying sugar even in upcountry centres at the same rate at which it sells sugar at the ports, that is on an f.o.r. basis. If the effect of the unplanned import programme of sugar has been to create unnecessary and frequent fluctuations in sugar prices, that of the f.o.r. delivery system has been to deprive the factories of their natural markets round about.

There is a third undesirable practice yet which characterises the Government's sugar import policy, and it relates to prices. The prices fixed by the Government for imports have varied both frequently and unexpectedly, thereby making the disposal of the indigenous sugar more difficult.

Fourthly, and this is doubtless the result of Government's anxiety first to get rid of the mounting stocks of sugar in its godowns, we have the spasmodic releases from factories from time to time, that is without any pre-arranged programme, again. The effect of this is, of course, to render the marketing of sugar more complicated than has been the case in the past. It is not understandable why this system, a legacy of the sugar shortage and rationing days, should still continue, despite the repeated pleas of sugar factories, like Walchandnagar Industries, Ltd. and others, to the Government to abandon it in favour of a more realistic and planned system of releases. The concern of the sugar industry in this connection accordingly is understandable. As Mr. Gulabchand has rightly pointed out, "with its control over the release of sugar from factories, the Government might so arrange things as to compel sugar factories to bear a substantial part of the burden of this large carry-over. This would not only create heavy financial difficulties for factories as it would necessitate locking up of their resources, but would certainly result in deterioration of the stocks during the monsoon".

In the circumstances described, it seems to me that the authorities are morally bound to take timely steps to avert an undesirable situation and prevent a repetition of conditions which would again tend to reduce production of sugar in the country and perpetuate the vicious cycle of alternate rises and falls in production which has been an unfortunate characteristic of the industry over the last many years. But this is not all, for the repercussions of the situation, as it has lately been developing, would appear to be even more far-reaching. As the Walchandnagar chief has warned, "this would also have a very deleterious effect on the demand for the cultivators' cane from the factories in the coming season, just at a time when strenuous efforts are being made by all official and unofficial agencies to secure a heavy increase in cane production". Past experience has, indeed, shown that, when cultivators find it difficult to market their cane crop, they rush to convert it into gur and so unwittingly increase the quantity of gur on the market and depress its prices hopelessly, which only acts as a further deterrant to them to take to cane cultivation again on an excessive scale.

...

When sugar production in the Indian Union has increased by at least 40 per cent over previous years, when consumption of factory sugar this season is ex-

pected to decrease anywhere up to 3 lakh tons, and when import commitments are also on a heavy scale, even stalwarts in the sugar line are bound to find it difficult to say anything with a degree of precision regarding the future prospects of the industry. All the same, we are told by leading sugar men like Mr. Gulabchand that there is no reason for any despondency, provided the Government changes its programme for imports in time. The question then is whether the Government can, in fact, do so. In the opinion of spokesmen of both the sugar industry and the sugar trade, this seems possible. The silver lining in the cloud, they say, is provided by the fact that, although the Government of India is committed to heavy imports, not all the import orders have been fulfilled, it is believed. So far, only about 3 lakh tons of sugar are estimated to have arrived against the Government's firm commitments of something like 4½ lakh tons, exclusive of raw sugar. Hence a suggestion has been made that the authorities should cancel all such import orders as have not been executed, whether of refined sugar or of raw sugar. If this could be managed, it would, to a corresponding extent, reduce the burden of excess stocks, or, in other words, equate the statistical position at the end of the current season to more or less what it was at the end of the previous season.

While suggesting to the authorities to cancel the orders already placed for imports, one must also consider whether such a course is in accordance with the so-called international obligations, on the one hand, and whether it will not entail any financial loss to the exchequer of this country, on the other. Although I am not in a position to say anything in regard to the former, I think that, so long as it is possible for the exporting countries to dispose of the sugar intended to be despatched to this country to some other party at a better price, those countries would not invoke any such point as international obligation. Fortunately for this country, world prices of sugar, since the Government of India placed orders, have risen by over £2 per ton, which means that the exporting countries would be only too ready to cancel this country's orders. Even if they are not, it should not be difficult for the Government of India itself to arrange for re-sale of the foreign sugar contracted for—in which case, incidentally, it could not only respect its international obligations, but also find enough money to cover its payments to the shipping companies for failure to utilise the shipping space booked earlier for carrying the imported sugar. Some quarters go even so ar as to suggest that, even in the event of there being a loss to the Government consequent on the cancellation of the orders for sugar and also the shipping space, the country would still be a gainer. For the indigenous industry would then be able to dispose of its sugar at an economic price in the absence of any fear of a large carryover, which would reduce the factories' demand for sugarcane and lead to a lower acreage under sugarcane next year.

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BUSINESS NOTES

SUGAR STOCKS

THE OUTLOOK for the disposal of the current season's stocks of indigenous sugar has taken a new turn, causing considerable genuine anxiety to the home industry. The price of sugarcane (fixed at Rs. 1-7 per maund) and the fresh levy of the excise duty detract from the flexibility of sugar price. In such a context, reduction in the ex-dock price of imported sugar (of Re. 1 from Rs. 30-8 per maund to Rs. 29-8 in the case of East German sugar) has forced much hard thinking about the season's prospect for the home output. It would be an error to presume that any competitive margin would be left for indigenous sugar in relation to imported sugar in the interior markets. The f.o.r. basis of the price of imported sugar, whereby the incidence of freight charges is borne by the Government, makes the delivery price of imported sugar to the dealer in the internal centres precisely the same as the ex-dock price.

The reduction in the price of imported sugar is being followed by early liquidation of its stocks in the market, which in effect amounts to giving precedence to it for clearance over the home output. Up to now about one-third of the factory stocks have been permitted to be released for sale. In the normal situation, this precedence and position of factory stocks would hardly have caused much anxiety. But the statistical position, considered in conjunction with the declining trend in the consumption of sugar, points to the threat of a surfeit of stocks. The current season's production, which is estimated at 14 lakh tons, coupled with the previous season's surplus of 0.5 lakhs tons together with the scheduled quantity of import, would carry the aggregate supplies to 20 lakh tons. It is one of the most upsetting characteristics of domestic consumption that, while the proportions of sugar consumption and gur consumption vary 'inter se', depending on the price factor, the total consumption of the two commodities does not show any marked variation. In view of the availability of gur at cheaper prices in this season, sugar consumption is expected to decline in the current season by 2 lakh tons to 16 lakh tons at least. It would pose a problem of undisposed stock of the order of 4 lakh tons. The way out is to revise the import programme to reduce the end-season surplus to not more than 2 lakh tons.

POLICY FOR MANGANESE

THE NON-OFFICIAL resolution on the proposal for the nationalisation of the manganese industry, which was eventually withdrawn by the mover in the Rajya Sabha, did not, in fact, touch the vital problems confronting the industry at present as well as in the long-term context. There was, however, one exception to this general trend. The growth of mushroom units has affected the structure of this important export industry. Their operations have inevitably proved quite uneconomic and it has been recognized, at least since the emergence of slump in this particular export trade, that they must be rationalised on a co-operative basis. The Minister for Natural Resources and Scientific Research has announced the Government's policy to offer assistance in its co-operative reorganization.

Mr. K. D. Malaviya explained the reasoning behind the Government policy correctly when he emphasized that other basic projects including prospecting of oil resources, production of synthetic petrol, generation of power and the like had definitely a priority claim to the resources of the exchequer over the manganese industry. In so far as policy for the future was concerned, no mining leases or licences for prospecting would be granted to foreign investors so long as Indian capital, technical skill and enterprise were ready to step forward. In attempting to rivet attention on the high level of income derived by the industry in a previous year, the mover ignored the seasonal character of the rate of return in this industry. The crisis through which the industry has been passing since 1954 underlines this character. There was a steep fall in the quantity and value of the exports of this ore from 99,668 tons valued at Rs. 1.59 crores in January 1954 to 25,578 tons valued at Rs. 24 lakhs in January 1955. This decline conveys a trend which is not merely seasonal but affects the future of the Indian export trade. The United States which has been the principal traditional market has no need for some time to add to its strategic stockpile and it is now relying more on supplies from Brazil where large-scale mining has been started with American participation. The American demand is for higher grades and standardised products. The Indian mining industry has to face up to this new situation by rationalising its production methods, reducing its costs and evolving a machinery for the control of export quality.

CLARIFICATION ON COMPENSATION

THE STATE BANK Bill which is now introduced in Parliament leaves certain important issues of compensation to the shareholders of the Imptrial Bank obscure and this obscurity threatens to heighten the feeling of suspense about the final shape of compensation. The Government has declined to accede to the demand of shareholders to shift the basic period for assessing the market value of the shares to a period for anterior to February 1948, when the resolution of Imperial's nationalisation was adopted. Now that the compensation issue is being made non-justiciible, Parliament must state beyond doubt the precise nature and terms of the bonds to be issued in payment of compensation in excess of Rs. 10,000 to individual shareholders. Effective measures must be taken to prevent delay in payment.

Still another feature of the compensation problem which is clouded in uncertainty relates to the discretionary power vested in the Reserve Bank to fix the value of the share of the State Bank to be allotted to shareholders of the Imperial Bank who would opt to receive their amounts of compensation in the form of shares of the State Bank. In the case of cash or bond receivers the value of compensation has been fixed at Rs. 1,765-10 for fully paid-up shares of Rs. 500 each and Rs. 431-12-4 for partly paid-up shares of Rs. 125 each. The State Bank's shares are expected to be issued at a premium, but even so Parliament must define the basis on which the margin of premium is to be determined.

PAPER INDUSTRY'S PERPETUAL PROBLEM

THE PROBLEM of ensuring a steady and continuous flow of the basic raw material constitutes a perennial problem for the paper industry. India's paper manufacture enjoys the superior advantage of producing pulp and paper from bamboo and the position which the indigenous industry is building for itself in relation to other producer countries by virtue of this special facility needs to be sustained and strengthened. The expansion of the industry which is now under way is likely to be greatly handicapped by the difficulties of supplies of bamboo from Orissa to the present units located primarily in Bengal and Bihar. Besides their increasing demand for the strategic raw material, additional expansion that is in view will be conditioned by the availability and cost of supplies of bamboo. To remove these difficulties is essentially the task of the forest policy of the State Governments. In spite of repeated demands from the industry year after year for a shift in that policy from annual forest contracts to longer ones and long-term leases of forest areas for paper mills, State Governments have chosen to give

precedence to revenue considerations over the long-range requirements of this industry of national importance. It is obvious that the urgency of change in policy on an integrated basis must be brought home to the State Governments.

Since Mr. C. J. E. Keene delivered his presidential address before the last annual session of the Indian Paper Makers' Association, the Finance Minister has announced major changes in the excise duty on paper. The ad valorem duty on paper has now been changed into a specific duty, but judgment on the nature of the altered basis has to be deferred until its precise form is disclosed. The paper industry's hardships resulting from the surreptitious competition of newsprint are being mitigated by the change in tax policy which aims at putting a curb on abuse of concessions granted to the latter. Newsprint used for purposes other than its proper and legitimate function, in competition with ordinary printing paper, is to be subjected to the levy of the excise duty and the concession granted in import duty is also to be revised in respect of newsprint actually supplied for other uses. Since newsprint is now going off the O.G.L. and regulation of imports is presumed to be related to the genuine demand for newspapers, the area of unfair competition will be eliminated substantially.

MANUFACTURE OF ELECTRICAL EQUIPMENT

THE HARDSHIP and loss of orders for indigenous producers which result from lack of preconceived and co-ordinated policy for purchase of stores on Government account are illustrated in a striking manner in the case of the manufacture of transformers. With the progressive completion of power development projects undertaken by the individual governments, the demand for transformers has received a sudden spurt. The State Governments of Andhra, Punjab, Madras and Bihar recently stepped forward in the market with heavy orders for the supply of transformers. In absolute terms, the home production capacity is capable of satisfying this demand in full. But the pressure of demand, concentrated almost at the same time, has left no room for phasing the programme of manufacture over a reasonable time.

Some State Governments are alleged to have interpreted this difficulty as a fit cause for procuring the equipment from abroad. Even so, deliveries from foreign manufacturers are not feasible in less than four months' time. Mr. L. P. Shah, Chairman of the Indian Electrical Manufacturers Association, has pointed out that installation of transformers now ordered is unlikely to be made in less than a period of two years. This particular aspect of the time-lag needs careful scrutiny. It would be pointless, in this situation, to divert orders abroad. There is much force in the industry's contention that the orders of the State Governments should be pooled and long-term arrangements for supply should be made with indigenous manufacturers. A scheme on this basis is quite essential as the governments constitute bulk consumers of this equipment.

The decision of the Central Government to set up a plant for the manufacture of heavy electrical equipment has caused considerable disturbance to the expansion schemes of several units in the private sector. Before the complete plan for the State project is finalised, its programme of manufacture needs to be drawn up in consultation with private manufacturers to minimise the possibility of duplication of production by demarcation of products. The industry's serious apprehensions of overlap in production are not groundless. There is likewise a pressing case for consultation with private producers, at least in times of shortages, in respect of procurement of raw materials.

BURLAP FROM BRAZIL

LIKE MANGANESE ore, Brazilian burlap seems to be set for increasing competition with the Indian product for the dollar market of the United States. At the present time Brazil's export of burlap to the United States is a negligible quantum—a mere 1.25 per cent of the total American imports as estimated for the calendar year 1955. The size of Brazilian jute cultivation as well as of its jute manufacturing industry is small today. But the fact that a one-year old unit established regular export machinery for the American trade in February last is an event of significance as revealing the export potential of Brazil. The recent developments in the jute industry of this country bear brief narration in view of their likely repercussions on the Indian industry in the long run.

Up to 1953, Brazil was an importer of raw jute and the crop which was introduced in the Amazon valley area was still emerging through the experimental phase. Since then the country has become self-sufficient in raw jute requirements and the nascent jute manufacturing industry has increased its output to spare a surplus for export to the United States. On a rough estimate, the Brazilian jute crop amounts to a little below 4 per cent of the combined crop of Pakistan and India, but at the current level of consumption about 15 per cent of it is surplus to the requirements for home use. Brazil's anticipated export of burlap to the United States in 1955 has been placed at 10 million yards out of America's aggregate offtake approaching 800 million yards. The inherent strength of Brazilian raw jute consists in the longer fibre and finer quality in relation to that of Pakistani or Indian jute. To this needs to be added the great economy in transportation costs to America. The combination of these benefits of soil, climate and location suggests the emergence of a resourceful burlap export industry in Brazil. She may also attempt to establish a market in the near countries of Argentina and West Indies to substitute part of the Indian supplies. The Indian jute industry has to make a determined search for new uses of jute.

ARBITRATION IN COMMERCIAL DISPUTES

THE EXPORT and import trade of this country has been deficient so far in regard to the facility of arbitration in cases of commercial disputes. Considerations of goodwill and smooth relations dictate that causes of frequent friction over quality of goods supplied or non-performance of material conditions of contracts should be ironed out by resort to arbitration. This vital requirement is now being satisfied with the establishment of the Arbitration Tribunal of the Federation of Indian Chambers of Commerce and Industry. The Federation's Arbitration Tribunal has started negotiating agreements with arbitration tribunals or analogous organizations in other countries with which India has commercial ties of importance.

The first in this series of agreements has been concluded with the American Arbitration Association. The procedure is simple and it enjoins that in case the arbitration is held in America, proceedings will be governed by the rules of the American Arbitration Association and if it is to be held in India they will be in accordance with the rules of the Federation's Tribunal. In case of disagreement on the place of arbitration, a Joint Arbitration Committee, consisting of one nominee each of the American Arbitration Association and the Federation's Arbitration Tribunal and a chairman drawn from a third nationality, will determine this issue with due regard to the fact that, where inspection of goods is involved or their quality is in dispute, ordinarily the location of the merchandise should guide the place of arbitration. The two arbitration organizations have agreed to set up international panels of arbitration. Once the machinery for arbitration has been established in this country and an agreement on arbitration reached with America, the adoption of a standard arbitration clause has been facilitated for the acceptance of the jurisdiction of the two arbitration organizations.

COMMODITY NEWS AND NOTES

MICA EXPORT EARNINGS DOWN

Export earnings from mica have progressively declined during the past few years in spite of the measures taken by the Government to promote export. Total earnings for April 1954 to January 1955 amounted to Rs. 5.41 crores as compared with Rs. 6.84 crores in the corresponding period of 1953-54 and Rs. 7.52 crores in the same period of 1952-53. The main causes for the decline were cessation of the stockpiling programmes, specially in regard to splittings, curtailment of production in electrical goods manufacturing industries using mica, and the dieselization programme of rail-roads in the U.S.A. The presence of large surplus stocks of mica in the U.K., acquired during the war years, has also acted as a damper. The price of mica declined to Rs. 216 per cwt. in January as compared with Rs. 491 two years ago.

Indian exporters are also responsible for the falling overseas demand as the quality of goods supplied does not always conform to samples and importers are looking to other sources.

SUGAR STOCKS SOAR

More than 60 sugar mills of U.P. have crushed 20 crore mds. of sugarcane up to March 31, during the current season, it is learnt. Two crore mds. of sugarcane are still to be crushed before the end of the season. The majority of mills, except about 17 in Eastern districts which have closed, continue crushing. Calculating on the average recovery of 9.56 per cent, the total production of sugar so far is more than 190 lakh mds.

It is understood that millowners, apprehensive of the piled-up stock of sugar, have sent a representation to the Government of India urging them not to impose extra excise duty on Indian sugar. The millowners attribute the cause of huge accumulation of sugar to low consumption, fall in gur prices, imposition of extra excise duty on Indian sugar and import of foreign sugar.

HANDLOOM CLOTH REBATE

The minimum limit of purchase of handloom cloth, for which rebate is admissible, has been reduced from five rupees to two rupees. This means the rebate will now be allowed for all retail purchases of handloom cloth worth rupees two and more, instead of rupees five and more. This decision has been taken by the Government of India on the recommendation of the All India Handloom Board and all State Governments have been asked to implement it immediately.

Further grants have been sanctioned by the Government of India to various States for the development of the handloom industry. Uttar Pradesh gets Rs. 3,42,824 for the purchase of semi-automatic looms and other equipment, the setting up of three additional pattern-making factories and for the opening of eight central depots. Grants totalling Rs. 1,12,790 have been given to several States towards the cost of organisational and supervisory staff appointed by State Governments for the handloom development schemes.

GOLD AND IRON ORE OUTPUT

The production of gold in India was approximately 240,794 ozs., said Mr. K. D. Malaviya, Union Minister for Natural Resources, in a written reply to a question by Mr. Lakshman Singh Charak in the Lok Sabha on April 18. The production of iron ore during the period, added the Minister, was approximately 3,733,719 tons.

PROMOTION OF SEEDS EXPORT

The 15th session of the Indian Central Oilseeds Committee, which met at Rajkot on April 17, decided to recommend to the Government of India to establish an Export Promotion Council for oilseeds and vegetable oils at an early date for promoting the export trade of vegetable oils and oilseeds. The Committee also recommended that export duty on de-oiled groundnut cake as well as groundnut cake from expeller be reduced and more liberal quota of linseed cake be allowed in view of reported large accumulation of stocks in India.

The Committee, which met under the chairmanship of Mr. K. R. Damle, Additional Secretary to the Government of India, urged the Government to allot more tank wagons for vegetable oil traffic on different railways by revising the existing ratio of allotment of tank wagons for petroleum and vegetable oil traffic. The Committee sanctioned several schemes for agricultural research and development, village oil-crushing industry, marketing and oil technology.

U.P. AGRICULTURAL PRODUCTION

There was an increase in the production of wheat, gram and barley and a decrease in that of rice, peas and tobacco in Uttar Pradesh during the current agricultural year (July 1, 1954—June 30, 1955), as compared to the previous year. The preliminary estimate of out-turn for rice for the State this year is 20,91,092 tons, against last year's revised estimate of 20,50,746 tons. This works out to a fall of 7.1 per cent in relation to the revised estimates. The acreage under wheat, however, registered an increase. The estimated acreage during the current year is 94,98,811, as against the revised 92,30,141 of last year. The area under gram has also increased. This year's estimate is 66,48,053 acres, as against 5,92,108 acres last year. Tobacco sowing in Rabi is estimated at 22,130 acres, against 23,637 acres of revised estimates of the last year. High excise duty on tobacco is said to be responsible for this fall.

The estimated area under peas this year is 20,02,771 acres, as against the revised 20,04,056 acres last year. The barley crop is estimated at 51,66,060 acres against revised 50,84,503 acres of last year—an increase of 1.6 per cent.

LICENCES FOR AIR CONDITIONERS

Under the import policy for the first half of 1955, applications from actual users for the import of air conditioners (unit type or packaged type) were to be considered on an 'ad hoc' basis. Government have considered the matter in the light of the fact that licences to established importers have been subjected to a price ceiling. Individuals and others, who have applied for licences may, therefore, approach the established importers for meeting their demands.

In regard to hotels and others whose demand is for 12 or more units, the indigenous industry has now agreed to supply one-ton air conditioning units at Rs. 2,400 and ¾-ton units at Rs. 1,745 per unit for an order of 12 or more units for the same premises. Applications received from public and charitable institutions, hospitals, laboratories and other deserving institutions and bodies will, however, be considered on merits by the licensing authorities.

COMPANY AFFAIRS

THE BOMBAY DYEING

The audited accounts and directors' report of the Bombay Dyeing and Manufacturing Co., Ltd. for the year ended December 31, 1954, show an increase in sales by 9.3 per cent from Rs. 664.61 lakhs to Rs. 726.42 lakhs in the year under review. The profits (after providing for depreciation and taxation) at Rs. 18.60 lakhs have much declined as against Rs. 36.78 lakhs last year. The cost of cotton, chemicals, etc. is higher and the prices of goods sold by the Company have declined; thus the dwindling of profits. Stocks of the Company are higher at Rs. 223.45 lakhs against Rs. 198.89 lakhs last year.

The bill for salaries and wages is higher by about Rs. 1 lakh to Rs. 90.56 lakhs while dearness allowance paid has increased by about Rs. 3 lakhs due to the enhanced rates decided by the Labour Appellate Tribunal. Provision for Depreciation has been increased by Rs. 10.91 lakhs to Rs. 24.98 lakhs in the year under review, and the provision for taxation is Rs. 4.50 lakhs below the last year's figure of Rs. 23.00 lakhs. The rate of Ordinary dividend remains the same as last year, being 8 per cent per annum, and the balance carried forward is Rs. 0.53 lakhs against Rs. 2.00 lakhs last year.

(Rs. lakhs)

Year ended 31st December	1952	1953	1954
Sales	670.99	664.61	726.42
Stocks	158.96	198.89	223.45
Cost of Cotton	319.41	334.18	366.55
Cost of Chemical, Stores and Oil	67.53	85.31	93.84
Wages and Salaries*	80.11	89.74	90.56
Dearness Allowances	62.89	80.30	83.22
Depreciation	12.74	14.07	24.98
Provision for Taxation	23.00	23.00	18.50
Profit**	26.23	36.78	18.60
Dividend Ordinary (rate per cent)		8	8
Balance carried forward		2.00	0.53

* Including additional bonus for 1952 in 1954.
** After providing for depreciation and taxation.

THE FINLAY MILLS

Satisfactory results are shown by the audited accounts issued by the Finlay Mills Ltd., for the year ended December, 31, 1954. The Company has made a profit of Rs. 15.93 lakhs (subject to taxation and depreciation) which, though does not compare well with last year's profit of Rs. 20.34 lakhs, is certainly encouraging in comparison to the general downtrend in the industry during the year under review. Sales of cloth and yarn have improved by 12 per cent during the year to Rs. 192.32 lakhs and income from Bleaching, mercerising and dyeing charges has increased from Rs. 17.99 lakhs in 1953 to Rs. 26.99 lakhs during this year. The stocks are higher by about Rs. 2 lakhs at Rs. 42.15 lakhs.

The cost of cotton purchased is higher by Rs. 5.03 lakhs at Rs. 82.35 lakhs and the cost of stores and chemicals is also higher by Rs. 7.57 lakhs at Rs. 26.71 lakhs. Salaries and wages paid have also increased by about Rs. 10 lakhs. This rise is partially caused by increase in Dearness Allowance and additional bonus payable for 1952. The provision for taxation has been slightly slided down from Rs. 7.50 lakhs in 1954 to Rs. 6.00 lakhs this year, and the provision for depreciation at Rs. 3.07 lakhs is lower as compared to Rs. 4.51 lakhs in 1953. The rate of dividend at 15 per cent per annum remains the same as last year. The Balance carried forward is also lower at Rs. 11.91 lakhs against Rs. 13.74 lakhs last year.

The Company has a 50 per cent interest in the Alexandra and Finlay Thread Co. which started working at the end of the year. There was, however, a loss of Rs. 1.24 lakhs due to expenses entailed in starting up.

Year ended 31st December	1952	1953	1954
Sale of Cloth, Yarn and Waste	239.16	171.84	192.32
Bleaching, Mercerising and Dyeing Charges	14.23	17.99	26.99
Stocks	24.62	40.40	42.15
Cost of Cotton	112.61	77.32	82.35
Cost of stores, Chemicals, etc.	16.64	19.14	26.71
Salaries and Wages	54.34	62.61	72.13
Profit*	19.71	20.34	15.93
Provision for Taxation	8.00	7.50	6.00
Provision for Depreciation	2.34	4.51	3.07
Dividend Rate (per cent per annum)	20	16	16
Balance carried forward	13.41	13.74	11.91

* Subject to taxation and depreciation.

THE SWADESHI MILLS

The Directors' report and audited accounts of the Swadeshi Mills Co., Ltd. (Managing Agents: Tata Industries Limited) for the year ended December 31, 1954, show satisfactory results. The company made a profit of Rs. 8.31 lakhs (after providing for depreciation) against Rs. 12.44 lakhs last year. The sales had increased by more than 24 per cent from Rs. 290.03 lakhs in 1953 to Rs. 362.41 lakhs in the year under review. Stocks at the end of the year declined from Rs. 119.20 lakhs last year to Rs. 88.88 lakhs this year. The decline in profit was therefore caused mostly by lowering of prices.

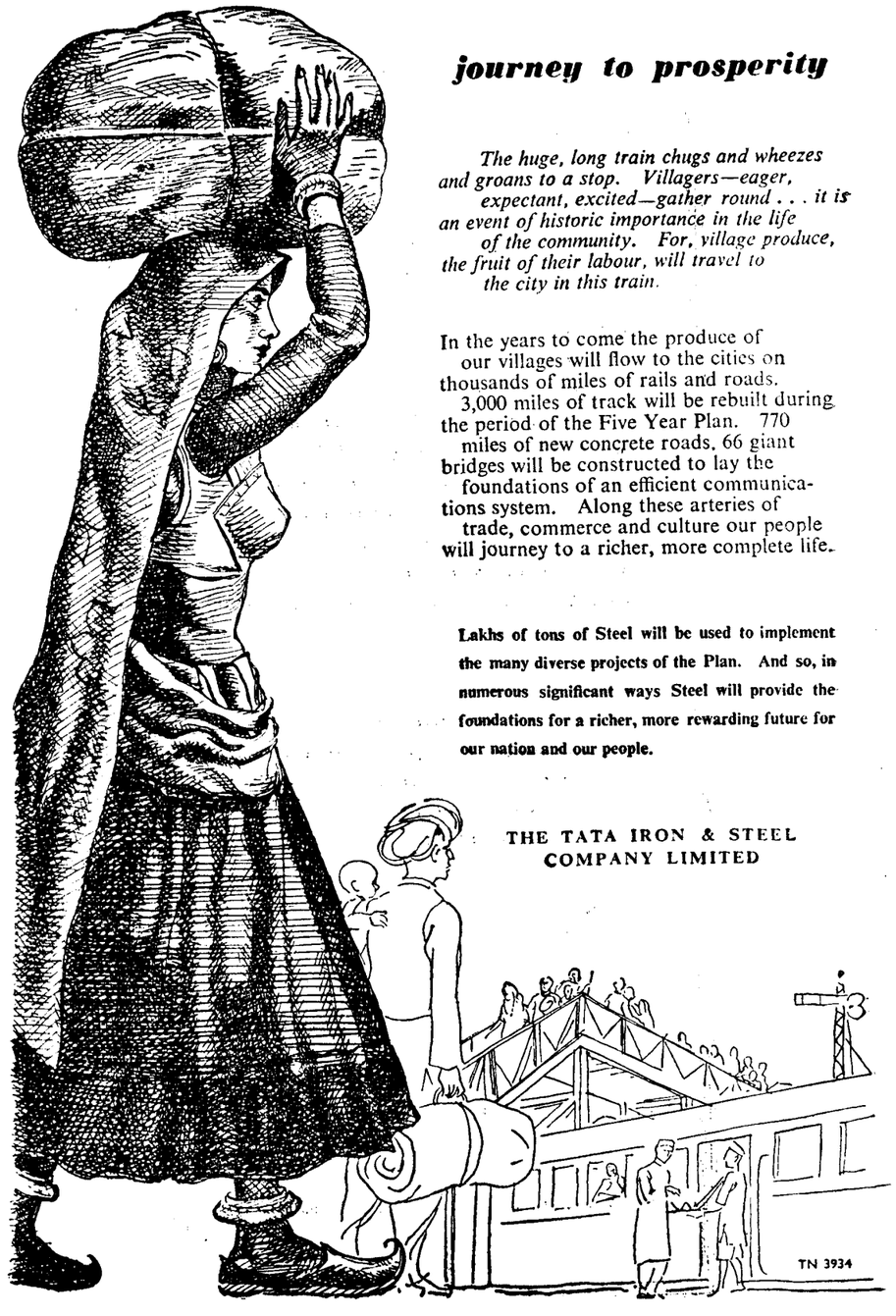
The total cost of cotton, art silk, etc., did not increase—although high priced foreign cotton had to be purchased due to low quota of Indian cotton—and was at Rs. 146.53 lakhs against Rs. 153.40 lakhs last year. The Bill for salaries and wages increased slightly from Rs. 94.21 lakhs in 1953 to Rs. 96.42 lakhs in the year under review.

Depreciation fund has been reduced this year to Rs. 3.00 lakhs as against Rs. 8.00 lakhs last year. No provision has been made for taxation, while last year a sum of Rs. 1.41 lakhs was provided. An amount of Rs. 8.00 lakhs has been transferred towards Equalization of Dividend Fund, which is lower than last year's Rs. 12.75 lakhs. The rate of Dividend paid on ordinary shares is 8 per cent against 16 per cent paid last year. An amount of Rs. 0.44 lakhs has been carried forward against Rs. 0.41 lakhs last year.

A comparative statement of accounts of the company for the last three years is given below:

Year ended 31st December	1952	1953	1954
Sales	321.58	290.03	362.41
Stocks	71.76	119.20	88.88
Cost of Cotton, Art Silk, etc.	153.44	153.40	146.53
Cost of Stores etc.	29.22	33.20	35.61
Salaries and Wages	80.36	94.21	96.42
Depreciation Fund	6.00	8.00	3.00
Provision for Taxes	Nil	1.41	Nil
Profit*	10.41	12.44	8.31
Equalisation of Dividend Fund	10.00	12.75	8.00
Dividend on Ordinary Shares (rate per cent)	16	16	8
Carried forward	0.91	0.41	0.44

* After providing for depreciation.



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The Indian Paper Makers' Association

FUTURE OUTLOOK PROMISING

Concern over Excise Duty. Higher Production Costs

Speech of the Chairman, Mr. C. J. E. Keene

Speech delivered by the Chairman, Mr. C. J. E. Keene, at the Annual General Meeting of the Association held in the Royal Exchange on April 5, 1955.

Gentlemen,

I have to regret that the Report of the Association has not been in your hands for very long. With your permission I will take as read the notice calling this Meeting.

My predecessor on this occasion last year described the previous year as being not a particularly eventful one. This year, I think, the Industry has had a greater number of problems with which to contend, culminating in the major event on March 1, this year of an Excise Duty of 10 per cent 'ad valorem' being imposed on indigenous production of paper. The effects of, and market reactions to, this additional burden to the consumers of our products may take a little time to be fully assessed, but it is certain that this additional cost will increase the difficulties that lie ahead in the maintenance and development of our Industry. I shall refer to Excise Duty in greater detail later.

Prior to this event there had been no violent fluctuations in market sentiments during the year, and whilst there has been a healthy demand for our products, broadly speaking the position between supply and demand has been well balanced. This situation has also generally applied to supplies of raw materials, coal, chemicals and railway transport. In many ways it has been a progressive year, and production of paper in the country has again shown a gratifying increase. 155,328 tons of paper were manufactured in India during 1954 as against 139,704 tons in 1953. These figures may be compared with 108,912 tons manufactured in India in 1950. Unfortunately, during the year serious loss of production, owing to illegal strikes, was again experienced, otherwise the 170,000-ton mark would have been exceeded.

SUPPLIES TO GOVERNMENT

The Government Contract for 1955-56 for supplies of paper has, I am sorry to say, not yet been concluded. Since Government take such a large percentage of the Mills' production, it is an advantage to the Industry to have the Contract finalised before the contract period begins so that production programmes can be planned ahead, deliveries spaced evenly, so far as transport facilities permit, throughout the contract year, and thus an even and uninterrupted flow of supplies also maintained to the Civil market. Delays have, however, frequently been experienced, and this year when only 15 days remained before the new contract period was due to start we were requested by Government to agree to an extension of two months, under the same terms, of the 1954-55 Contract. Under the circumstances, it was considered the better course to accept this extension, pending finalisation of the Contract for the remainder of the year.

PRODUCTION COSTS

A matter which is becoming of increasing concern to units of our Industry is the upward trend of manufacturing costs, despite the installation of much new plant, increased production and improved methods, which should result in lower cost per pound of paper produced. There are a number of reasons for this, most of which have been referred to in previous years—withdrawal of concessional freight rates on Bamboo, increased cost of Bamboo and forest royalties, higher coal freights, poor quality coal which we have been compelled to use, and increased labour costs being among them. During the past year there has been no indication of this upward trend being halted. Many items continue to increase, in particular labour costs and Railway freight rates on paper have recently been increased. Added to this, we now have to make provision in the selling price of our products for the recently imposed Excise Duty. By the very nature of the uses to which paper is put, it is essential that it should be a cheap commodity and no restrictions placed on its free use and availability. For our primary raw materials we can only afford to use materials, whether of rag and textile wastes, or materials such as Bamboo, grasses, reeds, etc. which, for economical paper-making, must be products which are of no commercial interest to other industries. This is a fundamental principle on which the paper-making industry is founded.

EXCISE DUTY ON PAPER

It is against this background that our concern on the new Excise Duty is based. If paper becomes too expensive its use becomes subject to economy as regards quantity and quality, resulting in a diminishing market. A very large portion of the production of the Member Mills of this Association is paper for educational purposes—Pure Printing paper for school text books, Pure Cream Laids for school exercise books, Drawing Cartridges, etc. The 10 per cent Excise Duty will therefore be a heavy burden on these important consumers of our products at a time when the country is making every effort against illiteracy. It will tend to hamper development and improvement, and possibly mean plans for expansion in our section of industry being retarded. Another aspect which has caused considerable misgiving is that Newsprint is exempt from Excise Duty. Members of this Association fully appreciate that

Newsprint should be available as cheaply as possible to the newspress, but we have had previous unfortunate experiences of Newsprint, or paper imported under the guise of Newsprint, finding its way into the Indian market and being readily available to consumers outside the Newspaper Industry in competition with our qualities of paper. As an example, Newsprint has been used for such purposes as printing school text books, the initial cost of which may be cheaper, but in the long run it is no economy as Newsprint is not manufactured to be durable, and the student eventually has to purchase two, or possibly more, books, when one should have sufficed. We are of the opinion that the tendency for Newsprint to compete unfairly in the market against out qualities will increase, now that the difference in price is increased by the amount of Excise Duty which is leviable on our qualities of paper.

The Association has expressed its regret to our Government, therefore, that this Excise Duty on paper should be imposed, but if in the overall picture of industrial development in the country it is unavoidable we have requested that consideration should be given to devising a simpler method of assessment than on an 'ad valorem' basis. Paper is not a bulk commodity like cement, sugar or coal, there being a very wide range of different qualities of paper, each sub-divided into various thicknesses, sizes, colours and finishes, and again sub-divided by subsequent processes of embossing, guillotining, ruling, cutting watermarks to position, etc., after actual manufacture. A somewhat complicated price structure is unavoidable and the Excise Duty will add to these complications. Also, part of the service of the paper manufacturer is to have stocks in the various specifications available to consumers at upcountry depots, and since some of our consumers, particularly publishers, do not see a return on their money for many months after the actual purchase of the paper, extended credit facilities frequently have to be given. These are among the facilities, and there are many other customs and usages of the trade of benefit to consumers which, under the rigid rules of Excise, may have to be withdrawn, or at least considerably amended. So far as imports of Newsprint are concerned it is to some extent reassuring that Government announced two days ago that Newsprint is to be removed from O.G.L. and imports are to be regulated.

RAW MATERIALS

On the subject of raw materials, previous Chairmen of the Association have referred to forest policy. Our vital interest in this does not diminish and I, therefore, make no apology for bringing it forward once more and repeating our frequent request that the Central Government should co-ordinate all State Forest policies. For some years the policy of many of the States appears to have been only to derive the highest possible revenue in the shortest possible time, by means of annual auctions of forest areas. Such a short-term policy can only result in the forest wealth of the country being gradually dissipated. Some of the forest areas are being ruined by unscrupulous contractors, whose only interest in the lease is to make as large a profit as possible during its short term. The Paper Industry asks that Mills should be granted long-term leases on reasonable terms, and in their own interests they would ensure that the areas are properly developed and conserved to give adequate supplies for the present without jeopardising requirements for the future. Another aspect concerning Forest policy which has been brought into prominence during the year, is the question of allocation of raw materials to Mills, in the period of expansion of the Industry. It cannot, of course, be regarded as true expansion if, in increasing installed capacity, existing units are deprived of their established areas for raw materials, compelled to go further and further afield for their supplies, and thus by virtue of their present sites become uneconomical units. This question has been carefully studied by the Planning Commission, and it is a source of great satisfaction to Members that in the Planning Commission Publication (Programmes of Industrial Development 1951-56) the Industry's point of view has been fully supported. This matter is of such importance to us that I would like to quote the relevant portion:

> "The main problem of the industry is the shortage of raw materials, which was accentuated by the partition of the country, as the factories in West Bengal were deprived of their supplies of bamboo previously obtained from East Bengal. In view of the projects already under implementation and other expansions which are contemplated the demand for the various raw materials is expected to expand considerably. In this connection, it may be stated that a number of units in Bengal and Bihar have to depend on supplies of bamboo from Orissa. It is, therefore, essential to organise adequate supplies of this raw material to the existing factories in the first instance, and later on to the new projected units".

If this wise counsel is observed we shall be quite satisfied.

During May last a serious situation developed concerning supplies of Salt Cake from the Rajasthan Government. This material is obtainable only from the unique natural deposits in Rajasthan, and without it the Mills' pulp producing plants cannot operate economically. Failure of supplies would therefore be a calamity to the Mills. During the previous year we had experienced acute difficulties, but last year the position deteriorated to such an extent that large-scale dislocation of pulp production appeared imminent. It was evident to the Association that these valuable deposits were not being administered in an efficient manner—at one stage supplies were erratic due to the comparatively trivial difficulty of the Department having no empty bags in which to remove the Salt Cake. The Association, therefore, represented these serious difficulties to the Government of India, and when the gravity of the situation was realised, considerable and much appreciated assistance was extended by Government Officials in organising more efficient arrangements. I am glad to say that for some months past there has been a considerable improvement and regular despatches have been maintained. Our thanks are due to Government for the assistance given and I hope that this improved supply position will continue as it is necessary for the Mills to build up stocks of this material to carry them over the monsoon period when work in the salt pans comes to a standstill.

LABOUR PROBLEMS

On the subject of labour matters, over recent months there have been no major stoppages of work at the Mills, but the past year has again seen prolonged closures, serious loss of production and wage money among large units of the industry, due to illegal strikes. This has again been the dark spot of the year's working, and, as in the previous year, has been brought about by the workers being misled by certain of their Union leaders not employed in the Mills. In organised industry, ours is among the foremost in improving the lot of our workers, and all that the large majority of them ask is to be allowed to work in peace. It is a matter of great regret that with present labour legislation largely benefiting the worker, Government machinery for settling differences is frequently disregarded and illegal strikes resorted to, with serious losses to all concerned.

RAILWAY TRANSPORT

In connection with Railway matters, whilst at the beginning of the year the Industry experienced great difficulties in obtaining adequate rail transport, particularly as regards our seasonal requirements in conveying raw materials to the Mills, for the major part of the year there has been a considerable improvement. Wagons have been more readily available, and operational restrictions less. A point which has been particularly noticeable is the more rapid arrival of wagons at destinations which must result in quicker turn round and more economical use of the available wagons. I think great credit is due to the Railway Authorities in achieving this gratifying improvement. Unfortunately, we have recently again struck a spell of transport difficulties, apparently of a seasonal nature, which also coincides with the Industry's seasonal requirements for raw materials: in particular one Member is experiencing great difficulty in securing wagons especially in the Waltair and Khurda Road Districts of the Eastern Railway for the transport of Grass, just at the peak period of their Grass season. We shall, therefore, greatly appreciate urgent assistance from the Railways in overcoming this latest difficulty.

FUTURE OUTLOOK

On the subject of the future outlook of the Industry, I have referred to some of our difficulties and uncertainties, but on the other hand there are a number of promising features. India can, with pride, regard herself as a pioneer country in developing the manufacture of high class paper from Bamboo, and some of the finest pulp and paper-making plant in the world has been, and continues to be, installed in India to process this raw material. Members of this Association have taken a leading part in this development. From time to time we hear reports of the world's diminishing timber forests due to over-exploitation by the wood-pulp industry, and Bamboo, with its prolific growth, should place India in a strong position as a paper-making country. The Indian market for paper should expand considerably as educational programmes and the industrialisation of the country develop. With careful husbandry of her forests, therefore, the Indian Industry should be able to look forward to a period of expansion and not only fulfil the growing demands of supplies of paper for the nation, but even go further and develop a healthy export trade. Adjacent countries, of course, are also aware of this position, new pulp and paper industries are being built up and the Indian Industry, therefore, needs every encouragement if it is to keep its lead.

We have maintained our usual friendly relations with the Forest Research Institute at Dehra Dun and also the Indian Paper Mills Association. During the year Members of both Associations have benefited from our mutual discussions.

During the year I have had the honour of representing your interests on the Industrial Affairs Sub-Committee of the Bengal Chamber of Commerce and Industry.

I should like to tender my sincere thanks for the able assistance and advice I have received from the Vice-Chairman and other Members of the Committee. In passing, I should also like to mention that whilst appreciating the great distance and difficulties of travel, attendance of up-country Committee Members at least at some of our meetings, is of great assistance in our deliberations.

I also wish to express my gratitude to the very able Secretaries who have served during the year, Messrs. Nish and Windridge.

NEW COMMITTEE

The Association elected Mr. V. Mehta of Shree Gopal Paper Mills Co., Ltd. as Chairman and Mr. C. I. Turcan of the Indian Pulp Co., Ltd., as Vice-Chairman for the year 1955-56. The Committee of the Association for the year will consist of Messrs. P. H. Sykes, L. Shuttleworth and P. K. Mehta.





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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
1954-55 ..	316.1	436.5	350 5	377.3	614.0	377.7	90 5	100.7	88.4	113.0
June 1954 ..	343.2	441.0	355 6	378.7	647.3	381.6	90 8	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636 0	381.8	90.8	100 5	89.0	110.6
August ,, c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353 3	377.7*	607.8	384.4*	90.4	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351 8	376.5	605.7	381.6	90.3	100 5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304 3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412 8	333.5	376.3	553.3	353.7	90 6	101.7	87.4	115.4
Week Ending										
5-3-1955 ..	301.1	425.9	335.7	377.5*	556.0	358.0*	90 6	100.9	87.5	114.1
12-3-1955 ..	297.3	418.7	334.3	377.0*	556.5	355.1*	90.6	100.7	87.3	115.9
19 3-1955 ..	296.5	406.3	332.1	376.1	554.9	352.3	90.6	100.6	87.2	115.8
26-3-1955 ..	293.0	400.1	332.0	374.5	545.6	349.3	90 6	100 6	87.4	115.8
2-4 1955 ..	395.3	403.4	328.9	375.3	546.7	350.3	90.6	100.6	87.5	115.6

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†
					Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	128	337	144	135	134
1955 January	335	352	210	132	324	372	—	—	—	141	—	—
February	—	345	207	128	—	—	—	—	—	—	—	—
March	—	—	—	127	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	16-4-1955			9-4-1955			2-4-1955			26-3-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	96-14	95- 1	95 14	94-13	93- 3	94- 2	94- 1	92-15	93- 5	94- 1	93- 12	93-14
Silver (per 100 fine tolas)	167- 0	165- 2	166- 6	166- 8	165- 6	166- 1	168- 2	165- 8	166-10	168-10	166- 15	167-13

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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,5[illegible]
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,8[illegible]
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,8[illegible]
Week Ending										
4-3-1955	1,265,56	7,34	1,272,91	40,02	673,15	713,17	56.03	102,00	457,74	1,273 9[illegible]
11-3-1955	1,281,19	10,73	1,291,92	40,02	678,15	718,17	55.59	101,11	472,64	1,291,92
18-3-1955	1,277,18	15,28	1,292,45	40,02	643.47	683,39	52.88	101,64	507,43	1,292,45
25-3-1955	1,277,09	15,92	1,293,02	40,02	646,85	686,87	53.12	102,20	503,95	1,293,02
1-4-1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1 302,84
8-4-1955	1,322,77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
4-3-1955	52.61	18,65	46,14	22,08	139,47	29,87	179,34	7,48	7,39	58,25†	1,20	28,61	55,75	20,66
11-3-1955	55 22	18,51	48,47	21.68	143,88	28,58	182,46	10,94	7,90	52,73†	1,20	37,44	51,36	20,89
18-3-1955	67,95	53,42	47,72	22,08	191,17	30,00	231,17	15,52	8,71	88,77†	95	56,32	50,17	21 16
25-3-1955	59,45	60,27	47,72	21,53	188,97	29,86	228,83	16,22	10,37	83,15†	45	47,87	49,38	21,39
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32,01	196,45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21

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

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

		1951	1952	1953	1954 September	1954 October	1954 November	1954 December	1955 January
I Foreign Trade									
i By Land, Sea & Air—									
Imports (Rs. lakhs)	..	71,20	67,28	48,39	48,48	53,70	60,36	49,05	53,30
Exports (Rs. lakhs)	..	65,30	51,54	44,30	50,54	47,56	66,16	60,46	54,45
ii Unit Value Index—									
(1948-49=100)									
Imports	..	128	130	115	112	118	112	116	..
Exports	..	160	131	111	114	114	125	127	..
iii Quantum Index—									
(1948-49=100)									
Imports	..	108	105	84	89	94	111	87	..
Exports	..	114	106	108	122	115	145	131	..
II Industrial Production									
i Cotton Cloth (Million yards)	..	340	383	407	412	379	421	451	..
ii Cotton Yarn (Million lbs)	..	109	121	126	131	123	135	143	..
iii Jute Manufactures (000 tons)	..	73	79	72	79	75	89	94	..
iv Steel (Ingots & Castings) (000 tons)	..	125	132	126	133	143	146	153	..
v Paper and paper boards (tons)	..	10,993	11,459	11,642	12,997	13,981	15,035	16,357	..
vi Sulphuric Acid (000 cwts)	..	178	160	182	261	271	252	273	..
Index of Industrial production (1946=100)	..	117	129	135	153	141	160	165	..
III Fuel and Power									
i Coal Production (000 tons)	..	2,859	3,019	2,987	3,171	2,921	3,323	3,503	..
ii Coal Despatches (000 tons)	..	2,435	2,566	2,588	2,888	2,787	2,728	2,747	..
iii Electricity Generated (Million kwh)	..	488	516	559	648	627	654	678	..
iv Electricity Sold (Million kwh)	..	399	420	455	523	512	534	552	..
IV Industrial Disputes: Number of man days lost (000)	..	318	278	282	364	275	220	..	..
V Employment Exchanges:									
i Number on register at the end of the period (000's)	..	329	438	522	591	569	583	610	..
ii Number of vacancies outstanding at the end of the period (000's)	..	22	23	21	23	26	29	29	..
VI Inland Transport:									
i Railway Freight Ton Miles (Millions)	..	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded	..	569	584	570	556	573	605	656	..
VII Public Finance: (Central Govt.)									
i Revenue Receipts (Rs. Lakhs)	..	43,86	38,72	..	42,37	19,25	37,67	..	..
ii Import Duties (,,)	..	11,31	10,67	960	10.42	10,22	13,21	11,41	..
iii Export Duties (,,)	..	6,84	4,88	3,09	2,25	2,93	5,20	4,70	..
iv Central Excise (,,)	..	7,66	6,39	7,85	8,33	8,80	8,73	9,02	..
v Expenditure on Revenue Account (,,)	..	23,69	15,67	18,79	13,36	23,88	18,79	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) *	..	210	175	110	141	103	79	55	54
vii Money Supply Rs. Crores **	..	18,22	17,23	1715	1767	1791	1802	18,44	1871

** December figurs for 1951, 1952 and 1953. *Last Friday Figures.

INDUSTRIAL PRODUCTION IN INDIA

(Monthly averages or calendar months)

Item	Unit	Latest Installed Capacity	1952	1953	1954	1954 August	1954 September	1954 October	1954 November	1954 December
Coal ..	'000 tons	..	3019	2987	3,067	2958	3171	2921	3323	3,503
Sugar ..	,,	113.1	124.5	106.6	90.5	3.3	4.7	7.1	65.4	250.5
Tea ..	Lakh lbs	..	512.1	504.8	53.1	91.6	100.4	94.7	60.6	21.3
Cigarettes ..	Lakhs	20208	16766	16528	17,325*	18320	18180	17590	17400	..
Cotton yarn ..	,, lbs	..	1208	1255	1,303	1,320	1310	1230	1350	1,430
Cotton cloth ..	,, yds	..	3832	4,065	4,167	4,160	4120	3790	4210	4,510
Jute ..	'000 tons	..	79.3	72.4	77.3	78.2	79.0	75.1	88.6	94.0
Woollen Manufactures	,, lbs	1667	1382	1,604	1,563	1,745	1749	1705	1825	1680
Plywood ..	,, sq. ft.	12000	7545	5100	6,252	5842	6172	6474	6843	7,110
Paper & Paper Boards	Tons	14475	11459	11642	12,944	12802	12997	13981	15035	16,537
Sulphuric Acid ..	,,	16435	8007	9091	12,287*	14,459	13058	13543	12610	..
Caustic Soda ..	,,	3471	1422	1909	2,378*	2615	2599	2603	2330	..
Soda Ash ..	,,	5100	3694	4739	4,024	3,788	3331	4338	3497	5,258
Chlorine Liquid ..	,,	1529	520	678	809*	983	932	971	860	..
Bleaching Powder ..	,,	650	66	162	244*	222	251	209	252	..
Bichromates ..	,,	493	122	209	269*	259	266	284	317	..
Superphosphates ..	,,	17573	3888	4025	8,785*	8,725	8185	8615	8053	..
Ammonium Sulphate ..	,,	35571	18359	26,635	28,329*	29,081	32326	36579	29646	35,625
Paints and Varnishes ..	,,	5400	2831	2671	2,913*	3,102	2730	2998	2842	..
Matches (cases)† ..	Thousand	58.8	51.6	49.2	44.5*	47.6	49.5	48.9	48.5	..
Sheet glass (sq.ft.) ..	,,	8440	753.6	1898.9	2534.4*	3,086.0	3777.0	4356.4	4.803.4	..
Cement ..	,, tons	370.3	294.8	315.0	366.1	342.5	361.5	372.3	368.5	394.4
Refractories ..	,,	27.5	20.3	19.0	19.0*	19.6	18.4	17.8	18.4	..
Pig-Iron ..	,,	185.1	140.4	137.9	148.3*	153.4	140.6	151.7	155.1	..
Steel Ingots and Metal for Castings ..	,,	128.5	131.5	125.6	140.4	146.4	133.1	143.2	145.6	152.8
Aluminium ..	Tons	584.0	297.2	313.2	407.2	514.6	567.0	498.6	465.8	488.4
Copper ..	,,	600.0	506.6	410.0	597.6	606.0	605.0	665.0	630.0	642.0
Lead ..	,,	500.0	94.3	141.2	149.0	139.0	94.5	77.5	200.0	240.0
Hurricane Lanterns ..	Thousand	381.9	293.6	359.4	417.9*	495.5	420.9	259.1	433.6	..
Enamel-ware (pieces) ..	,,	2500.0	640.9	790.3	1150.1*	1151.4	1143.2	1131.6	1021.3	..
Diesel Engines ..	Nos.	1097	354	310	721	625	718	640	876	1,047
Sewing Machines § ..	,,	3458	4170	5202	6685	6301	6166	3896	7146	8,130
Machine tools (value) ..	'000 Rs.	..	369.8	367.3	405.6*	382.1	409.7	414.7	291.5	..
Dry Cells ..	Lakh	184.6	108.5	123.7	126.0*	147.0	110.9	86.6	108.5	..
Storage Batteries ..	Thousand	24.7	13.2	14.7	14.9*	17.1	14.9	13.3	16.0	..
Electric Motors ..	,, H.P.	16.7	13.1	13.5	15.1*	16.0	16.0	13.8	16.2	..
Power transformers ..	'000 K.V.A.	27.3	17.9	25.7	32.3*	35.7	39.3	28.6	35.5	..
Electric lamps ..	Thousand	2433.3	1740.0	1647.3	1897.9*	2033.7	2089.2	1594.2	2190.5	..
Electric Fans ..	,,	25.3	16.3	16.6	18.7	20.1	16.1	12.9	19.6	22.6
Bicycles ..	Nos.	36458	16413	22014	29311	29716	28785	26972	421,13	..

† 50 gross boxes of 60 sticks each.

§ Installed capacity calculated for a single shift working, while one of the two units has been working more than one shift.

* Estimated.

INDUSTRIAL CAPACITY AND PRODUCTION OF ENGINEERING INDUSTRIES—Continued.

F—ELECTRICAL ENGINEERING INDUSTRIES

Name of the Industry	1953 Accounting Unit	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
1. Cables and Wires							
(a) Aluminium Conductors	Tons	3	6,620	3,280	3	9,020	5,481
(b) Bare Copper Conductors	Tons	2	20,000	7,372	5	27,800	7,576
(c) Rubber Insulated Cables and Flexibles	Mill. Yds.	2	45	48.43	4	86.84	62.72
(d) Winding Wires	Tons	2	450	226	2	450	318.79
2. Dry Cells	Mill. Nos.	5	221.5	148.39	5	221.5	148.65
3. Domestic Refrigerators	Nos.	2	3,600	1,143	2	3,600	1,013
4. Electric Fans	Mill. Nos.	18	303,100	199,468	18	303,100	236,780
5. Electric Lamps	,,	11	29	19.67	11	29	22.86
(a) Fluorescent Tubes	,,	1	400,000	102,508	1	400,000	214,253
6. Electric Motors	H.P.	12	200,000	162,525	12	200,000	186,644
7. Electric Steel Sheets	Tons	1	4,500	2,936	1	4,500	4,513
8. Gramophones	Nos.	1	21,000	1,468	1	21,000	4,456
9. House Service Meters	Nos.	4	185,000	80,677	4	185,000	148,882
10. Mathematical Instruments (Geometry Box)	Gross Boxes	5	37,800	10,414	5	37,800	9,834
11. Power Transformers	K.V.A.	8	328,000	308,084	8	328,000	398,224
12. Radio Receivers	Nos.	15	153,100	56,270	15	153,100	58,616
13. Storage Batteries	Nos.	14	350,100	175,999	13*	290,100	188,400
14. Water Meters	,,	1	12,000	6,701	1	12,000	8,755

* One unit less in 1954 due to the closure of General Motors.

G—METALLURGICAL INDUSTRIES

Name of the Industry	1953 No. of Units	1953 Installed Capacity	1953 Actual Production (Tons)	1954 No. of Units	1954 Installed Capacity (Tons)	1954 Actual Production (Tons)
(a) Virgin Metals						
1. Aluminium	2	4,000	3,758.75	2	7.000	4.885.95
2. Copper	1	7,200	4,920	1	7.200	7,161
3. Lead	1	6,000	1,694	1	6,000	1,787.5
4. Antimony	1	700	130.15	1	700	539.05
(b) Semi-Manufactures						
1. Aluminium Sheets|Circles|Strips	9	9,200	5,263.08	11	9,560	7,616.45
2. Aluminium Foils	1	1,200	540.82	1	1,200	945.5
3. Brass|Copper Sheets|Circles|Strips	19	52,300	11,675.93	19	47,000**	13,374.14
4. Brass|Copper Rods including Arsenical Copper Rods, Bars and Sections etc.	5	5,477	540.41	5	5.477	1,371.31
5. Brass|Copper Pipes & Tubes	1	360	46.35	1	360	20.55
6. Brass|Copper Wire for Non-electrical Purposes	4	1,958	245.61	4	1,958	332.23
7. Electrolytic Black Copper Rods	1	24,000	3,364.25	Nil	The unit has changed from non-ferrous to ferrous side.	
8. Lead Sheets	2	2,800	79.25	1	1,092	97.75
9. Lead Pipes & Tubes	3	4,800	310.41	3	4,800	165.44
10. Zinc Sheets & Strips	3	4,410	77.45	3	4,410	45.65
(c) Non-Ferrous Alloys (such as Antifriction Bearing Metal, Bell Metal, Gun metal, Solder, Type Metal etc., etc.)	15	69,000	6,104.80	15	69,000	10,952.22
(d) Steel Castings	9*	21,000	10,327.12	8	21,000	12,875.09†

* In 1953 M|s. TATAS' name included as a unit but their installed capacity was not taken into account as they do not submit any production returns. The actual No. of units is therefore only 8, whose total installed capacity is 21,000 tons per annum besides TATAS.

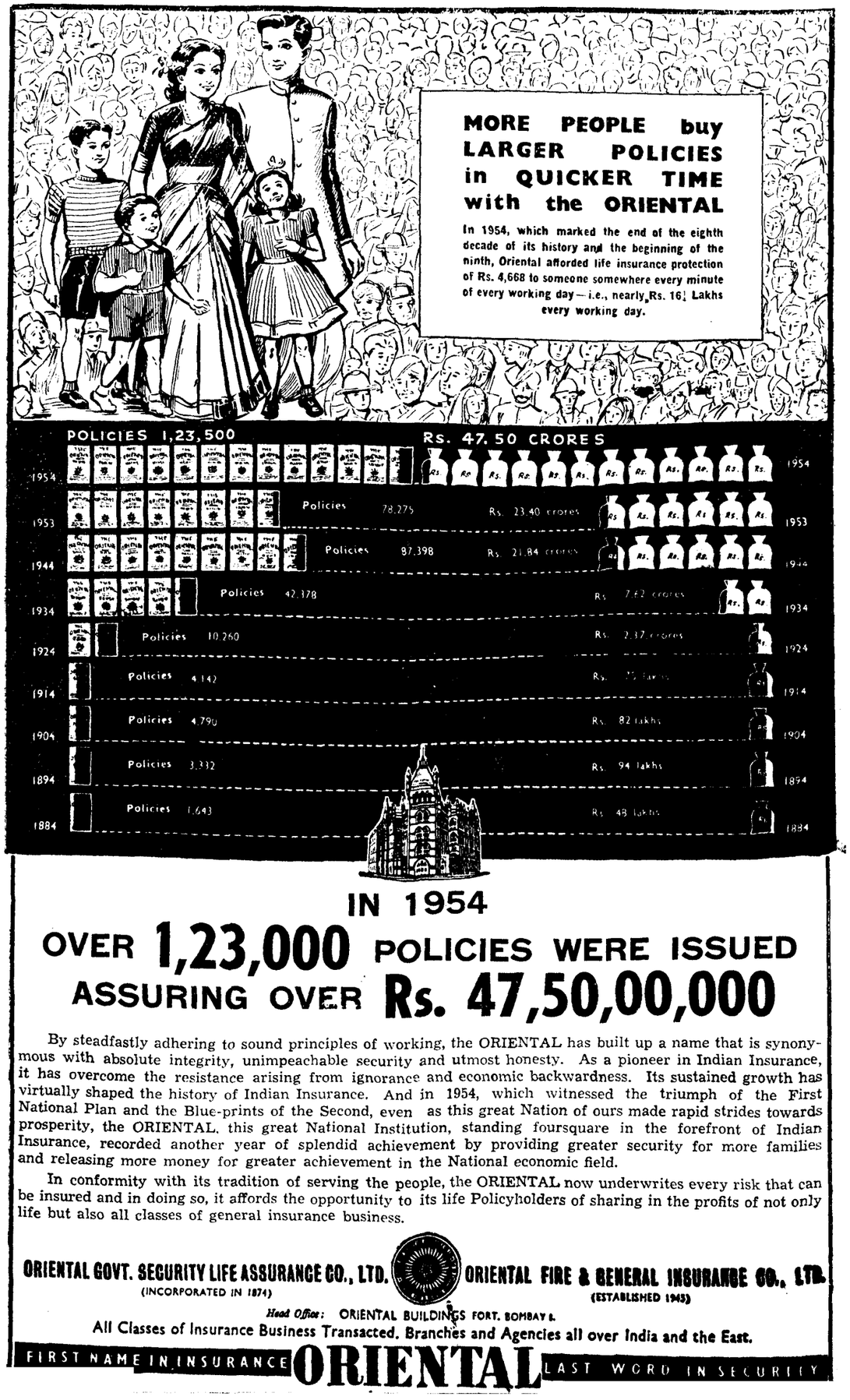
** Though the number of units are the same, yet the capacity shows a decrease which is due to the inclusion of two new existing units with smaller capacity than the two units with larger capacity which have since been excluded because no production returns were received from them in 1954 in spite of all efforts.

† Estimated.

Source: Annual Report of the Ministry of Commerce and Industry.

(To be continued)

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.)**



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The Eastern Economist

VOL. XXIV. NO. 17. NEW DELHI: APRIL 29, 1955. ONE RUPEE

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Bandung and After

THE hero of the Bandung Conference was Mr. Chou En-lai. Few Prime Ministers of any country could have secured in one fell sweep so many dramatic successes. The conclusion of an agreement with Indonesia on the abolition of dual citizenship for overseas Chinese in that country would itself have ranked as a major diplomatic achievement. It was, however, only the smallest of Mr. Chou En-lai's successes at Bandung. A greater success, though one less tangible, was the reputation for sweet reasonableness which he acquired from his most bitter critics, Turkey, Pakistan, Thailand and the Philippines. Again, the offer of direct negotiations with the United States on Formosa was a magnificent climax to one of the most remarkable conference performances the world has ever seen. Were it only for China's performance at this conference, it would have taken a place in history.

It is a mistake, however, to see the Bandung Conference in terms of Mr. Chou En-lai's success story. Indeed, it is a conference which cannot be seen correctly in personal terms. For this reason, it is a mis-

take for Indian patriots to be dejected because the public performances of India's Prime Minister did not attract the same attention as the dramatic gestures of Mr. Chou En-lai. India has good reason to be satisfied by events at this conference, and they must be considered, at least in respect of China, as a triumphant vindication of India's belief in the possibilities of peaceful co-existence with the People's Republic. India's part, which was that of an honest broker reconciling the Communists with the anti-Communists, was a vital link in this conference. In spite of slips here and there, the part was well played. Speaking at Calcutta on his return on April 27, the Prime Minister used words of pardonable pride. "The Bandung Conference", he said, "was a great achievement which may well be put forward as an example to other nations who neither meet nor agree." Would agreement have been reached if India and Burma had not been there? The answer to that question is the best tribute to Indian and Burmese intervention.

The truly tremendous achievement of having obtained an agreed communique in a conference of 28 nations has not been appreciated in India nearly as much as it should have been. There was present in this conference enough combustible material to wreck any conference if any one nation had decided to light a fuse. There was Turkey, traditionally more European than Asian, holding relentlessly to its stand against Soviet imperialism and deploying that stand with all the diplomatic skill which comes from a great imperial diplomatic tradition. There was Pakistan, new to the containment policy, but determined to defend it firmly against insinuations, partly unfair, that collective security was merely participation in Big Power politics. There was Thailand, suspicious with good reason, of Chinese intentions. That complete agreement was reached in spite of the presence of these parties opposed in different degrees to the central Indian non-military approach, and the central Chinese view that Asian Communism was not aggressive, speaks eloquently of the major bonds which united member nations of this conference.

This—the force of agreement above the force of disagreement—constitutes a significant political fact. There was no single Asian or African view, but there was nevertheless a supreme bond overriding the divergent views expressed at this conference. And thus, while there was no Asian or African view, in a sense quite paradoxically, there was a common measure of agreement somewhere which might fully be described as an Asian-African view. It is true this was the lowest common measure and not the highest common factor. But the communique after the Bandung Conference shows that the lowest common measure, which prior to the conference was believed not to be significant, is of no small account.

This factor which enabled an agreement to be reached is only a reflection of a larger coming political event. Just as the first Colombo Conference brought into being a new political entity described as the Colombo Powers which has since been a significant factor in politics in this area, so the second conference sponsored by the Colombo Powers has brought into being a larger and even a more powerful entity. The birth of such a political constellation is an event of great magnitude growing far beyond the communique of the Afro-Asian Conference and in some sense beyond all the brave comments made outside the communique. The conference was in fact a great success not so much for what it has already achieved—though this is certainly great by any standards—but because of the tremendous future that it foreshadows because of the participation of the great Asian nations in the counsels of the world.

So long as this larger view is maintained on the achievements of this conference, it is possible to draw attention to certain restraints which it has imposed upon the main participants, India and China, in the present case. The first Colombo Conference should have underlined the point that Indian foreign policy in its attempt to lean towards China was out of step with the feeling in South-East Asia, and in particular with two, or even three, of the Colombo Powers. The full significance of that lesson does not seem to have been appreciated by India's External Affairs Ministry. It is one thing for us to sacrifice part of our friendship with Western countries for new Asian associates. It is quite another for us to sacrifice what should be our growing associations with our South-Eastern neighbours for the purpose of maintaining friendship with the People's Republic of China which, hitherto, has given us little concrete advantages to offset its gains in our surrender on Tibet. It is clear from the second conference, even more than from the first, that there was danger in India's ideological line which was removing us from that of our South-East Asian neighbours. The maintenance of the least common factor of agreement now implies inevitably that a new restraint has been placed on us—at least on blunt statements of Indian foreign policy. On this occasion, however, unlike the position after the first Colombo Conference, there is an advantage to be set on the other side.

This advantage arises from the fact that a similar restraint now applies to the People's Republic of China. There are now specific Chinese commitments to Indonesia, Burma and Thailand of non-aggression, with the right of inspection of frontiers which cannot leave the People's Republic of China with the same degree of freedom as it has hitherto enjoyed. Again, there is a specific commitment made at an Asian Conference about the willingness of the People's Republic to discuss matters directly with the United States. It is almost certain that this offer will be accepted, although the conditions of its acceptance are still being scrutinised. Now that the People's Republic of China has entered into diplomatic relations, so to speak, with South-East Asia and is on the point of entering into direct consultations with the United States, it cannot afford to pursue its characteristic propaganda line denouncing its neighbours and creating difficulties by the hostile line which seemed to be a weapon of militant Communism much more than of peaceful co-existence.

And thus, while this conference has not given the fullest satisfaction to Indian patriots, many of whom desire, perhaps mistakenly, that the prestige of India's Prime Minister should never be reduced at a conference which he attends, there will be many who will see that the success in impersonal terms of this conference was so great that, even if India lost some personal prestige, it cannot but be a gainer on total account.

It is the total picture and not only the Indian picture which needs to be assessed. Indian leadership is now to be exercised within the new political constellation which India's efforts have done so much to bring about. We will need to accept the restraint as well as the privileges of this association. We ourselves have called in a new world to redress the balance of the old. We cannot and should not seek to evade the consequences of this new world of new alliances. Bandung proved that it was a fact; its consequences are already shaping themselves in the corridors of history.

The Ivory Tower

A MEMORANDUM prepared by the panel of economists set up by the Planning Commission has in the last week been doing its rounds in New Delhi. It was an unhappy but, perhaps, an inevitable thing that on this occasion the panel was forced to work feverishly against time to produce a report which bears every mark of indecent haste. India's leading economists who are on this panel, at least for the sake of their own reputation, should have resolutely refused to submit a report on the draft statistical framework circulated to them for comments in a matter of two to three days. The implications of particular figures of this framework are so vast and the opportunities for discussion and obtaining additional information were so limited that it would have been a miracle if the report had any significant value of any kind. The miracle has not occurred.

While it is forgivable that the recommendations of the economists should be superficial in respect of the Mahalanobis Plan, the time for the study of which was inadequate, no similar excuse can be found for the hasty and ill-considered observations made by them on the Taxation Inquiry Commission's Report and related problems. The precise phrases used in the report have not been as yet released, but a newspaper report which has appeared in Delhi this week and is reported to be substantially correct is suggestive enough of the extent to which blinkers are being worn in our universities. The report says:

"The economists stress the need for 'full and speedy' implementation of the recommendations of the Taxation Inquiry Commission to mobilize the resources needed for development. They do not think that the present tax structure can ensure even a proportionate increase in tax receipts as the national income goes up.

"What is needed in their opinion is an increase in the proportion of national income that becomes available to the public sector. They fully endorse the Taxation Inquiry Commission's recommendations for 'a widening and deepening' of the tax structure and strengthening the tax administration to minimise evasion.

"They note that the Taxation Inquiry Commission based its recommendations on the assumption of a total investment of Rs. 3,500 crores in the public sector against Rs. 4,300 crores now proposed by the Planning Commission. This would denote the need for a much greater fiscal effort than was anticipated by the Taxation Inquiry Commission 'if significant inflationary effects are to be avoided.'

"The economists, therefore, suggest an immediate study of the tax measures that will now be necessary in view of the enhanced estimated investment.

"They also make the important recommendation that Article 286(3) of the Constitution should be amended to remove the present exemption of 'articles essential to the life of the community' from the scope of the sales tax.

"In their opinion, measures to secure a practical ceiling of incomes through a further steepening of taxes on incomes and wealth including estate duty becomes 'an imperative necessity' ".

These observations are so slick and easy that one can hardly credit them to serious scholars acquainted with the facts of India's economic life. Or can it be that India's leading economists have forgotten that their subject is political economy and not theortical economics? Pure economics, unlike pure mathematics, has no future in any country of the world. It is precisely because the political factor has consistently overridden the economic factor in important policy decisions in India in recent years that the panel of economists should not have allowed themselves to support proposals which are virtually dead because of the rejection within one month of publication of many of the Taxation Inquiry Commission's taxation proposals which formed part of the original Finance Bill. Whether or not the economists are right in their assessment of the taxable capacity of the Indian people, there can be no question that it is politically impossible to impose the taxation which they and the Taxation Inquiry Commission recommend.

The reflection on our economists is disheartening. India needs as never before practitioners of economic theory who can live in the political arena and exercise restraint as well as leadership in the formation of government economic policies. It was, therefore, a correct step for the Planning Commission to have constituted a panel of leading economists to advise on planning. It is not the Planning Commission that is to be blamed for the failure of this experiment, which has been heavily underlined this week by official observations on the desultory report which the panel produced. These Indian economists have done both India and themselves a great disservice by creating the impression that they are severely wedded to their ivory towers.

There has been issued this week by UNESCO a report of the Round Table Conference on the Teaching of the Social Sciences in South Asia held in New Delhi in February 1954. This report contains some interesting papers by a few of India's leading economists. Apparently there is recognition that economics here at the present time has moved away too much from valuable practical fields into the realms of abstract and unfruitful theory. There are various recommendations made to improve teaching, such as more seminars and more tutorials and so on. But surely the teaching of economics in India will not improve if our leading teachers have all the failings which it is desired that their students should avoid. One of the first steps in assessing what is wrong with economic teaching in the social sciences in South Asia should be concerned with the teaching faculties. It is all very well to talk of integration as being essential to a study of the social sciences. But how many professors have practical experience of commercial matters to integrate with their theoretical learning? Unhappily in India administrative tradition has prevented economists from exercising their due share of administrative responsibility, in the exercise of which they might have acquired practical experience. There is no doubt that our economists cannot be held entirely responsible for their present failings. But do the Government and the universities recognise that the present position is intolerable? If so, how is the remedy to be applied?

Community Development

THE Development Commissioners from all the States will meet for their fourth conference in the course of the next month. The background of this conference will be different in certain material respects from that against which the Commissioners held their deliberations in the earlier conferences. It is now possible for them to apply their minds to their problems with much greater objectivity than on prior occasions.

The conclusions of the first evaluation survey and the progress report on the performance of the community development and national extension service blocks offer enough evidence that this experiment has got off to a promising start. These two documents, reinforced by the testimony of detached observers from other countries, should suffice to give reasonable confidence that the idea of community development has begun to seize the minds of the rural masses. This hold on the popular imagination is a basic requisite of successful expansion of the new movement. It will be the task of the Development Commissioners to come to grips with issues concerning the technique which will ensure a broadening of the base built in the last two and a half years. Decisions on policy need not preoccupy the conference as before. They have been made with sufficient clarity. Morover, in a social experiment of this type there can be no room for rigid principles of policy. What is now required is to spot out the vulnerable parts in the structure of the movement and to fortify them by correct accent on specific programmes and methods of operation.

The picture of the performance recorded under the schemes in the community development and national extension service blocks ought to be accepted as a fair indicator of the correctness of the approach to this huge task of the transformation of rural populations. At the close of the two-year period in September, 1954, 220 community development projects or blocks and 498 national extension service blocks, started at varying intervals, were in operation, covering a population of over 54 million. There should be no difficulty in bringing within the coverage of the combined programme of the two types of blocks, one-fourth of the rural population equivalent to 74 million by the end of September, 1956, according to the revised schedule. To pick up only a few representative achievements, the community blocks distributed 2.1 million maunds of fertilizers, reclaimed 207,898 acres of waste land, brought 512,387 additional acres under minor irrigation, started 3,145 schools, and 2,244 new co-operative societies and built 726 miles of pucca roads and 9,168 miles of kutcha roads. The core of the national extension service programme consists in the free participation of the people with the minimum of official direction and regulation. When this outstanding characteristic of the programme is recalled, it is easy to appreciate the progress registered in pursuance of its schemes. The national extension service blocks distributed 558,304 maunds of fertilizers, reclaimed 63,089 acres of waste land, added a new area of 100,815 acres under irrigation, started 1,652 schools and excelled the community project blocks in setting up a higher number of 2,503 co-operatives. Their contribution to rural communications was construction of 228 miles of pucca roads and 2,497 miles of kutcha roads.

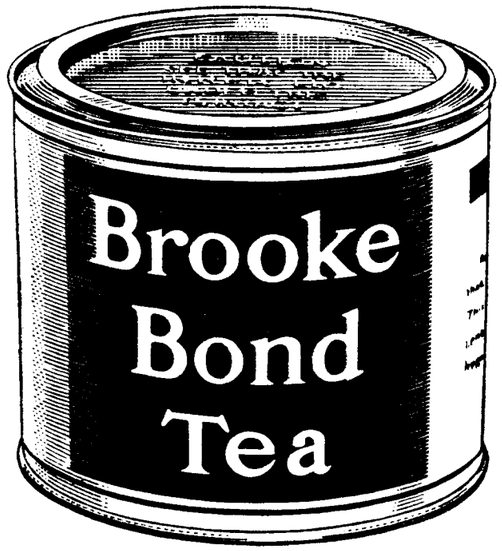
Community development, on a strict appreciation of its genuine character, does not lend itself to a real assessment in physical or financial terms. Its conception rests on a new philosophy of life, aiming at a greater measure of social and economic welfare for the rural communities. Monetary and physical yardsticks may be helpful, and also indispensable, for administrative purposes. Even on the application of these inadequate criteria, the response evoked by the programme over the first two years should justify optimism. In the outlay expended on the 167 community projects and blocks with which the movement was launched in October, 1952, the people's contribution was nearly half of what was provided by the Government. The entire mass of 296 million rural population, steeped in an age-old outlook of indifference to the march of progress around is to be shaken out of its lethargy and made to take keen interest in raising its material standards. Enthusiasm for a new and richer life is to be created in their minds and it is of the utmost importance that, in order to sustain that enthusiasm, initiative in undertaking new schemes of community development must be attracted from the people themselves. By political tradition, the Indian people have come to look with suspicion on any programmes of reform blessed with Government patronage. To them they smack of something imposed on them. The official machinery of the community blocks has lapsed not infrequently into the errors of bureaucratic pressure. They need to be eschewed if only to preclude the possibility of stiffening an attitude of keeping aloof and eventually depriving the programmes of the solid base of local co-operation.

The drawbacks in the implementation of the two programmes deserve pointed attention not to spotlight the areas of failure but to spotlight the pitfalls which will possibly undermine their potentiality for expansion. Arts, crafts and subsidiary as well as cottage industries have fallen considerably below expectations in the efforts of the first two years. All that the progress report has got to enlighten the inquisitive observer in this specific sphere is the establishment of 152 production-cum-training centres with a limited turnover. This inadequate scale of activities for the promotion of crafts and industry overlocks a vital function of the community development organizations. It is to stir the unemployed and underemployed sections of the communities to self-help in finding full-time or supplementary avocations. Precisely in this context comes a sharp revelation from the evaluation survey. In the selected villages, which represented in most cases the better types, the development staff had made practically no contacts with the small cultivator, the agricultural labourer and the craftsman.

The next phase in community development aims at a planned and deliberate emphasis on a complete change in the character of the national extension service blocks by transforming them into comprehensive and intensive organisations on the pattern of the community development blocks. The goal set for achievement of covering the whole rural area of the country under the combined operation of the community-cum-national extension service blocks within a decade appears ambitious. It poses the challenge of raising strong cadres of trained staff at all levels. In these cadres the village level worker takes the top priority. On his initiative, leadership, resourcefulness and technique of approach depend the chances of invoking community participation and co-operation. The requirements for the projected 2,524 blocks in respect of village level workers are of the order of over 54,300. Immediately next come the agricultural graduates, veterinary doctors, medical personnel of all categories and subordinate engineers. The supply of these trained persons will determine the rate of acceleration of the programme, but time need not be considered as of the essence in this stupendous task.

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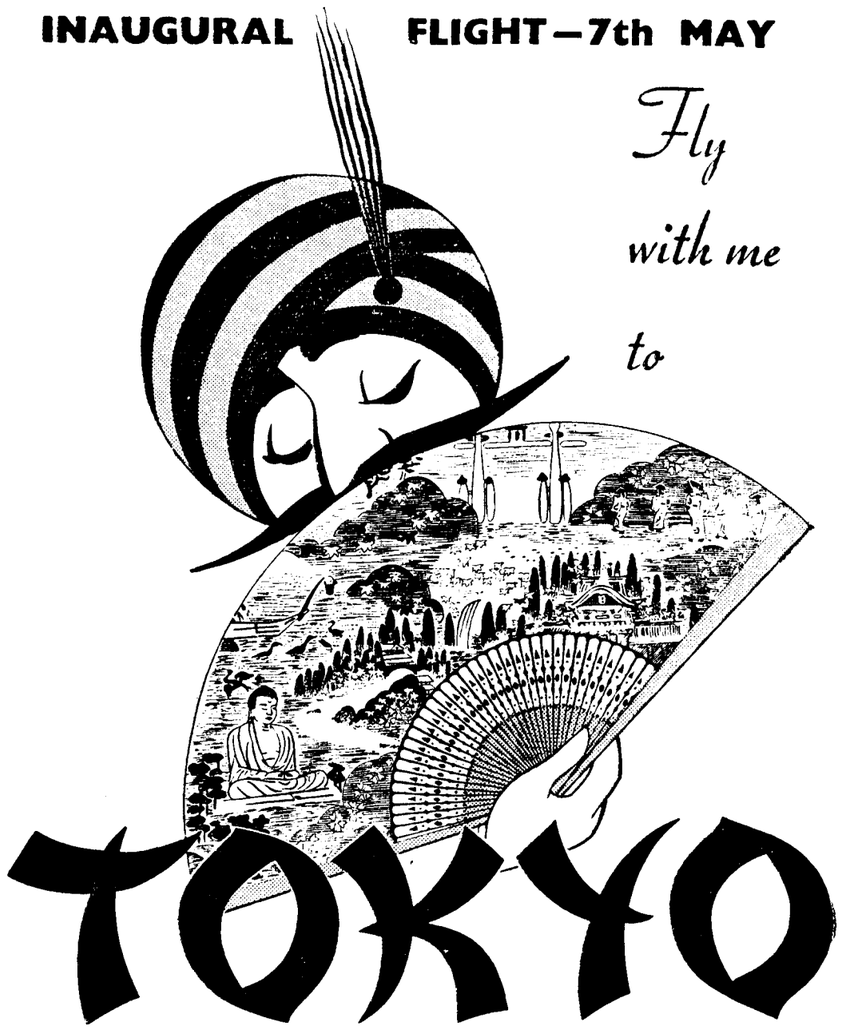


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THE WEEK'S NOTES

THE BANDUNG COMMUNIQUE

THE OUTSTANDING feature of the very long communique issued at the end of the Asian-African Conference is the manner in which it has covered the acute differences which arose between the various groups of countries. It was a deft arrangement to have put the resolution on Economic Co-operation first in the order. Its significance is that the Conference countries were seeking ways of promoting co-operation in facing their problems—not asserting or re-discovering their unity. Many Western commentators have laboured hard in the last few weeks to prove the obvious—that the countries speak several languages and have been subjected to various influences and have different political affiliations—to deduce that they are incapable of chalking out coherent policies to guide them in future without the benefit of Western tutelage. The declaration on economic co-operation is a sign of this constructive approach at work. It affirms the value of the assistance on an international or bilateral basis, received by the countries so far for purposes of economic development. The desirability of such co-operation with countries outside the region, including the investment of foreign capital, has been fully recognised.

It was hardly expected that the Conference would, in view of its short duration and the controversial issues, launch out on such detailed matters as technical assistance and training, international financing devices and the value of bilateral trade agreements within the framework of maximum multilateral trading. Stress has been laid on the value of stabilising commodity prices, on which rest the economies of the region, and on the value of processing exported materials within the countries or the region. All these are matters which are not directly of help to China or the trade of the countries though the promotion of intra-regional trade implies trading with China also. By commencing with a statement of all these possibilities, the Conference has repudiated the theory that it was concerned exclusively with past grievances.

TUNISIAN REFORMS

WHILE THE Bandung Conference was approving the freedom movements of the North African colonial areas like Tunisia, Morocco and Algeria, a Franco-Tunisian agreement was signed last week promising a substantial instalment of constitutional reform. No detailed settlement has been drafted but the freedom given to Mr. Habib Bourgiba, the leader of the Neo-Destour party, may be taken as an indication that the value of reforms will not prove to be illusory. Opinion among the nationalists may be divided, as is usual on such occasions, between the moderates and the extremists. The return of Mr. Bourgiba to Tunis may help to clarify opinion among his followers who now appear to be satisfied. The best indication of the progressive character of the reforms is perhaps to be had in the prompt and vehement denunciation by the French settlers of the settlement as a "betrayal of their interests." Colonialism has behaved differently when a settler population with strong local interests is involved and French colonialism has seemed worse than that of the British mainly because the French settlers are as numerous and as well entrenched as the British in East and Central Africa, where the attitude is similar.

The settlers have now protested that the agreement now reached will mean the abandonment of the Frenchmen in the protectorate, though to the anti-colonialist it seems the most desirable thing to do. Only a minority of Frenchmen in Tunisia—Socialists and progressive men—have so far welcomed the measures proposed. The French have claimed that in towns where they are numerous they should have half the seats in the municipal councils though they are in a minority; it is now proposed that they should be given three-sevenths—more than what they deserve on the basis of their numbers. The settlers have now threatened a last-ditch stand and there is no doubt that they mean to carry it out. Their fanaticism is matched only by the revolutionary nationalists and the religious extremists who wish to throw all Frenchmen out of Tunisia.

When the conventions now agreed upon are implemented in the face of this opposition, Tunisia will have an all-Tunisian Government and Parliament. The French will continue to have control of defence and foreign affairs and the control over the police and other services will be transferred only gradually. There is thus no fear that the French are in a hurry to demonstrate that the old colonialism is retreating very fast.

A UNITED AFFRONT TO KARACHI

IN SPITE of the Pakistan Governor-General's readiness to rule by decree against all obstacles, the Government has not had plain sailing. There is a gathering storm in East Pakistan where the discordant political forces have not been subdued by the Governor's rule though they have been split. The strategy was to enhance Mr. Suhrawardy's influence in order to help him to get the support of the bulk of the legislators of the United Front and thereby defeat Mr. Fazlul Huq, who was regarded in Karachi as unreliable and irresponsible. This policy has failed. There is no immediate prospect of a return to parliamentary government in East Pakistan. There is strong opposition to the idea of a Constitutional Convention and Mr. Suhrawardy has expressed the view that there was no alternative to the Convention but a revolution or a civil dictatorship. But if the role of the Convention is to assemble only to approve by acclamation some scheme placed before it by the present rulers of Pakistan, there may well be continued lack of enthusiasm for it.

Maulana Bhashani has demanded representation in the Convention on the basis of population and has been refusing to go to Karachi to discuss the matter. The Fazlul Huq group is reported to be still controlling a majority of the United Front, but the old solidarity which helped the United Front to win a victory has been disrupted by the disciplinary action taken on the members of both groups and by the resolution which now seeks to disown Mr. Suhrawardy as a member of the Front. So long as these other leaders of the United Front are left unreconciled, there can be no easy solution to the constitutional impasse in Pakistan. A generous step comparable to the political gesture towards Dr. Khan Sahib must be taken in East Pakistan also, before any working democracy can be installed there and before consent can be secured for parity with the smaller population of the Western half.

CONCILIATORY CLAUSES FOR AUSTRIAN TREATY

THE DETAILS now available of the terms of the Austrian Treaty agreement at Moscow show that though Austria will continue to bear heavy burdens after the promised freedom, she has secured important concessions also. In earlier discussions of the Treaty, it was understood that occupation troops should be withdrawn within 90 days after the signing of the Treaty. Now it is agreed that the forces of the four Powers should be withdrawn immediately after the Treaty comes into force and in any case not later than the end of this year. Though the official Russian organ "Pravda" has pointed to the Swiss policy of neutrality as the model

for Austria, the definition of such neutrality is regarded as not being as exacting as it used to be. The agreement says that Austria should "not join any military alliances or permit military bases on her territory." The Russian claim for reparations had been for $150 million in cash and now it has been permitted to be paid in goods. This looks better in view of the current deficit in the Austrian balance of payments.

It has been observed that the enterprises which till now have been under Russian control and will be restored to the Austrians have not been maintained well and that their rate of depreciation has been high. That, however, would not explain either the timing or the manner of the agreement on the Austrian Treaty. It is clear that Russian leaders wish their professions of co-existence to be taken at face-value and they have now matched one deed to their words. But the real motive is to watch the influence of this step on Germany. The elections in Lower Saxony this week are being viewed as one of the indicators of public opinion on Dr. Adenauer's policies. There is the irresistible appeal of unity to the population of dismembered Germany, and if Russia can give the appearance of being prepared for German unity on terms analogous to the conditions about Austrian neutrality, there would be considerable value. Such an agreement can well become the subject of a Big Four meeting. Meanwhile, the Big Four Conference to be convened for the Austrian Treaty would provide the opportunity for exploratory talks which Sir Anthony Eden and President Eisenhower regard as essential before a meeting at the summit.

THE RETURN OF THE DECIMAL

IT IS one of the curious tricks of history that this country having originated the decimal system and given it to the rest of the world as a base for the metric system, should have forgotten to adopt it for its own benefit. This is rather similar to what happened in respect of Buddhism. The case for a decimal currency system and metric weights has been brought up again and again by individual enthusiasts but the formidable problem of effecting the change-over has deterred even the most zealous reformer. In the initial stages, uncertainty and confusion would arise because of ingrained habit, but a change must come sooner or later and the difficulties of the transition will be minimised if it occurs sooner. For a society which is now thinking in terms of modernising human relationships with a view to introducing uniformity, the case for the preservation of the status quo on weights and currency has lost all validity.

The private member's motion in the Lok Sabha last week on this subject provided the occasion for an official declaration to the effect that the Government is committed to the reform. The Minister for Commerce and Industry has stated that a report of the ISI on this subject was ready nearly six years ago. The Planning Commission has favoured a decimal system of coinage and metric weights and measures. The Minister has declared that "as a preliminary to the introduction of the metric system of weights and measures, the Government will certainly adopt the decimal system of coinage." Many departments of the Government of India do not like the change. Though the Minister has claimed that "our own background and tradition and culture fit in more or less with the practice in the major part of the world," these departments apparently remain unconvinced. Theirs, however, is the losing side. When a private member and the Treasury benches agree, as they have now done, the status quo will be undermined. To the common man a change always provides occasion for reflection on things as they used to be. When the decimals irritate, as they well may occasionally, the few virtues of the present system may be remembered with fondness.

NATIONALISATION OF IMPERIAL BANK

CONSIDERING THE context in which the nationalisation of the Imperial Bank is being carried through, it was inevitable that Mr. A. C. Guha's speech should have become a long discourse on the ills of India's agriculture. He admitted that it was not lack of money or of willingness but lack of organisation that hampered progress in expanding rural credit. The tenor of his speech, however was that all this organisational work will follow the proposed nationalisation.

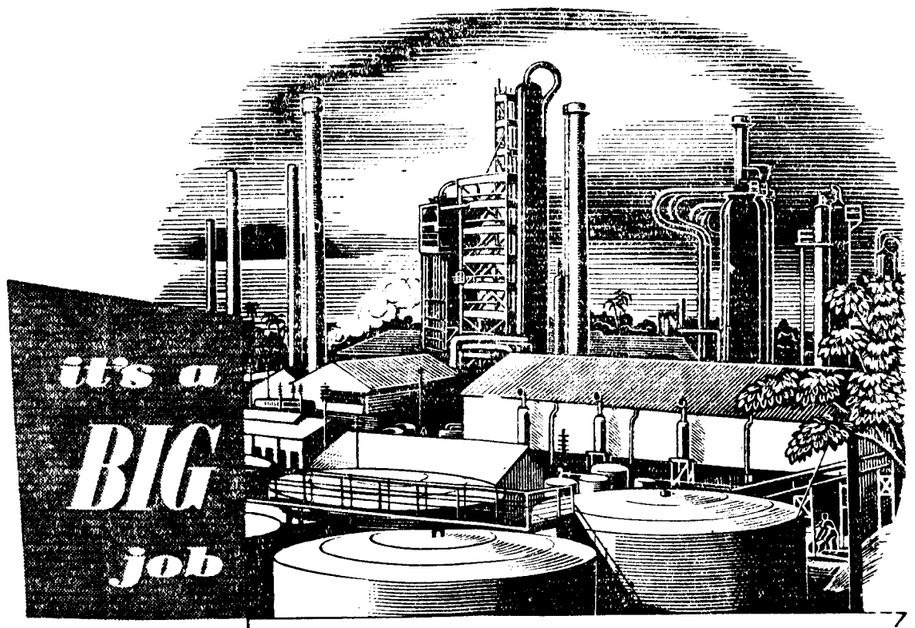
"After the passing of these two Bills, Government will see that the co-operative movement is put in a proper form and properly organised. We envisage State participation in the co-operative movement. The State Governments will subscribe to the share capital of the Apex banks, the Apex banks will subscribe to the share capital of the Central Bank and the Central Bank will do the same to the Co-operative Bank. We shall see that warehouses are established all over the country. There will be a Central Warehousing Corporation with its counterparts in all the States. We shall also see that there is a Marketing Board. In the ultimate analysis, warehouses and marketing would be more important, even more important than the mere provision of rural credit."

Here taken at random is a bundle of promises.

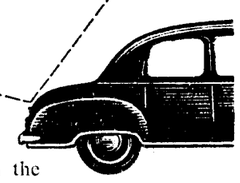
This declaration of intentions may not have a strict relationship with the nationalisation measure, but the latter has provided an occasion for outlining the steps to be taken. The failures of the co-operative movement or other aspects of organisation have not been due to the lack of an institutional framework. These institutions could not have done much in the stagnant social environment which has prevailed all along.

The Bill now moved aims at the transformation of the Imperial Bank into the State Bank of India, the entire shares of the former being transferred to the Reserve Bank of India. The Reserve Bank may keep at least 55 per cent of the shares and transfer the rest to private holdings. The nationalisation of the ten State-sponsored banks—recommended by the Rural Credit Survey Report—has not been taken up but clause 35 of the Bill makes provision for their voluntary merger for which negotiations are going on. It also aims at merging many of the small banks which are in a shaky position.

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WORLDGRAM

AGRICULTURE

Commonwealth's Agriculture: The Commonwealth Economic Committee has stated in a review of Commonwealth agriculture that in spite of a general advance in industrialization, agriculture continued in recent years to provide in each Commonwealth country, a proportion of national income about as large as or even greater than before the war. Commonwealth production of both food and raw materials rose appreciably from 1951 to 1953, continuing the post-war expansion in many countries. Record figures in exports are established by Canada in wheat and tobacco, Pakistan in cotton, Ceylon in tea, South Africa in fresh fruit, Australia in fresh fruit, canned fruit, and sugar, British West Indies in sugar and Tanganyika in sisal, New Zealand in dairy produce, Uganda in coffee and India in tobacco.

*

Co-operative Movement in India: One of the significant developments in co-operative movement during the period 1952-53 is connected with the extension and reorganisation of co-operative credit in the areas of the former princely States. As a result of the implementation of schemes of reorganisation and development in these and other States, there was an increase not only in the number of co-operative societies and in the volume of their operations, but also in the diversity of functions they undertook. The number of societies rose, during this period, from 173.09 thousand to 185.65 thousand. Their membership increased from 125.61 lakhs to 137.92 lakhs, and their working capital from Rs. 233.10 crores to Rs. 306.34 crores. The co-operatives helped greatly in the fulfilment of the Governments' objective of increased agricultural credit, the supply to the cultivator of improved seed, fertilizer, etc., required for larger production.

*

Assistance to Displaced Agriculturists: The Union Rehabilitation Ministry spent over Rs. 8.4 crores up to last month in granting assistance in various forms to displaced agriculturists from West Pakistan settled in rural areas in different districts. The assistance has been rendered as loans for maintenance until the first crop was harvested, for purchase of bullocks, fodder, seed, agricultural implements, etc., and also for the repair and construction of houses and wells. In Punjab and Pepsu, loans have been given for the sinking of tubewells and installation of power driven pumps as well as for the purchase of tractors. A provision of Rs. 32 lakhs for this purpose has been made by the Ministry during the new financial year.

FINANCE

Foreign Investment in New Industries: Out of a total projected investment of Rs. 105 crores in new industrial units licensed since January, 1954, under the Industries (Development and Regulation) Act, the approved foreign investment amounts to Rs. 28 crores including Rs. 23 crores on account of the oil refineries.

*

U.K.'s Financial Contribution Towards United Nations: In 1954 the United Kingdom contributed £650,000 to the U.N. Expanded Technical Assistance Programme. The programme, financed from voluntary contributions by member states, helps underdeveloped countries "to strengthen their national economies through the development of their industries and agriculture." In 1955 the British contribution to the programme will be £800,000. The U.K. is also contributing £200,000 to the U.N. International Children's Emergency Fund. In addition, the U.K. is giving financial and other assistance to the under-developed regions of the world through many other channels.

Sweden's State Revenues Higher Than Estimated: Sweden's State revenue for the fiscal year 1955-56 are estimated at Kr. 9.764,000,000/£673,000,000/$894.000.000, or Kr. 258,000,000 more than the assessed total in the Budget Estimates submitted to the Riksdag in January this year. About half of the increase is accounted for by the re-introduction of the investment levies decided upon by the Riksdag early in February. The State revenues for the current budget year closing on June 30, 1955, are estimated at Kr. 8,900,000,000 and expenditures at Kr. 3,600,000,000 as compared with Kr. 3,600,000,000 and Kr. 3,675,000,000 respectively in the preliminary estimates.

INDUSTRY

Commercial Use of an Indian Process: A new process of preparing ion-exchange material from coal, developed at the Fuel Research Institute, Dhanbad, is being acquired for the first time for commercial purposes by a German firm for use in some European countries. The licence of the process is being issued by the National Research Development Corporation of India. A Calcutta firm has already been granted licence to produce the material for Indian requirements. The ion-exchange material prepared from coal is used extensively for water-softening. The water so softened is used in boilers, laundries, textile mills, dyeing houses, breweries, ice-plants, etc.

*

Electricity Output: During November 1954, 674 public utility power stations in India generated electricity totalling 653.8 million kwh of which 534.6 million kwh were sold to ultimate consumers. The new inclusions during the month were two diesel generating and three purchasing undertakings. As compared to October, the electricity output increased by 29.5 million kwh. The corresponding figures of output and sale for November 1953 are 554.3 million kwh and 455.7 million kwh respectively and for November 1939, 216.6 million kwh and 181.5 million kwh respectively.

*

U.K. Steel Industry: Steel production in Britain in March averaged 394,900 tons per week, and this represents an increase of 700 tons per week over the February average, the highest rate previously achieved. Output during the first quarter totalled 5,074,000 tons, compared with 4,694,000 tons in the corresponding period of 1954. This year, it is estimated, total steel supply will reach 21,300,000 ingot tons, including imports and re-usable material. Production is expected to amount to 19,500,000 tons, compared with an actual output of 18,500,000 tons in 1954, and 17,600,000 tons in 1953.

*

Polish Iron and Steel Industry: In 1954 the Polish iron and steel industry produced a record figure at over 4 million tons of steel, nearly three times as much as in 1938. The average annual increase in the steel output in Poland in the years 1946-54 amounted to about 12 per cent, and was twice as high as in Great Britain, four times as high as in France, six times as high as in Italy. In pre-Communist Poland the annual production of steel amounted to about 90 lb. per head of the population while the corresponding figure last year in France was 333 lb. Poland produced nearly as much steel per head of the population as in France. In the year 1955-56 this figure is expected to rise to some 375 lb. These achievements are due to better utilisation of existing equipment, to its expansion and modernisation and to the introduction last year of new technological processes.

TRADE

Indo-Bulgarian Trade Agreement: The validity of the existing Trade Agreement between India and Bulgaria, concluded at New Delhi, on June 17, 1953, has been extended for a further period of one year commencing from January 1, 1955, by an exchange of letters between the representatives of the two Governments in Moscow on February 9, 1955. It has been further agreed that the payments relating to the commercial and non-commercial transactions between India and Bulgaria may be effected in Indian rupees or in pounds sterling, as may be mutually convenient. The commodities available for export from India include yarn.

*

Foreign Sea and Air-Borne Trade of India in March, 1955: The provisional figures of foreign sea and air-borne trade of India on private and Government accounts during March, 1955, are as follows: Merchandise, excluding transit trade of Pakistan but including that of other land frontier countries: Exports—Rs. 4,592 lakhs, re-exports Rs. 77 lakhs (transit trade Rs. 3 lakhs); imports Rs. 5,279 lakhs (transit trade Rs. 7 lakhs) trade Rs. 9,948 lakhs. Treasure: Export of currency notes Rs. 19 lakhs, export of others nil. Import of gold Rs. 1 lakh, import of currency notes Rs. 49 lakhs, import of others nil. Balance of Trade: The merchandise import figures are exclusive of the value of certain consignments of Government stores awaiting adjustment. Subject to this deficiency in import figures and to the exclusion of figures for transit trade, the total value of exports (including re-exports) of merchandise, gold and silver fell short of imports by Rs. 607 lakhs.

*

India's Trade with China in 1954: During 1954, India's exports to China were valued at Rs. 1,77,12,000 while imports from China were of the order of Rs. 94,41,000. The commodities exported included jute manufactures, tobacco, spices, mica, lac, oils (other than linseed), drugs and medicines and machinery. Indian imports during the period included raw silk, raw hides, spices, drugs and medicines, oils, chemicals, instruments and appliances.

*

Canadian Buying Mission in U.K.: Several million dollars worth of orders for British goods are shortly to be placed by a 51-man buying commission of the Vancouver Board of Trade now visiting the U.K. Each of the 51 Canadian visitors intends to place orders for not less than $50,000 worth of goods per annum. British Columbia textile men are prepared to order a minimum of $500,000 worth of finished articles while representatives of fishing interests expect to spend between $1,500,000 and $4,000,000, and importers of hardware and other consumer goods will spend about $2,000,000.

*

Austrian Wool Imports: Total imports into Austria of wool and animal hair in 1954 amounted to 18,354,000 lb, compared with 17,312,000 lb, in 1953. Figures for imports of greasy wool, scoured wool and wool tops during the past three years show some interesting changes in the pattern of Austrian buying. In 1954 for instance, Australia supplied more than four-fifths of the total of greasy wool imported. The United Kingdom held its lead as the chief supplier of scoured wool, but fell into second place, behind France, in sales of wool tops to Austria.

MISCELLANEOUS

Aid to Nepal and Sikkim: It has been announced that the amount proposed to be given exclusive as a grant to Nepal is Rs. 1,66,31,000 and that to Sikkim is Rs. 55 lakhs during the current fiscal year 1955-56. The latter sum includes Rs. 9.75 lakhs as part of a loan of Rs. 21 lakhs to be given for the construction of an aerial ropeway in Sikkim. This loan is required to be treated as a 15-year loan recoverable at the rate of Rs. 2 lakhs per annum payable by the Sikkim Durbar one year after the completion of the project.

*

Profits Sent Out by Foreign Firms in India: In 1954, Rs. 1,922.02 lakhs were remitted from India to foreign countries by foreign firms and companies including banks on account of profits as compared with Rs. 1,667.29 lakhs in the previous year. The foreign firms and companies in India invested Rs. 59.35 lakhs in 1954 as against Rs. 153.60 lakhs in 1953. These figures do not include remittances individually of less than Rs. 20,000 as such onward remittances were not reported to the Reserve Bank. These figures do not also include investments in the form of goods, plant and machinery nor do they include capital issued for services rendered by foreign firms or reinvestment of profit in India.

*

World Aluminium Production: Aluminium production in the world has risen from 1,515,000 tons in 1950 to 2,800,000 tons in 1954. The increase in some important countries has been as follows: U.S.A. from 652,000 tons to 1,300,000 tons, Canada from 360,000 to 500,000 tons, UK. from 30,000 tons to 31,000 tons, U.S.S.R. from 209,000 tons to 300,000 tons, West Germany from 27,900 tons to 130,000 tons and Japan from 25,000 tons to 60,000 tons.

*

Vegetable Oils Sampling and Test: Methods of detecting the adulterants in vegetable oils and fats are an important feature of the Standard Methods of Sampling and Test for Vegetable Oils and Fats published by the Indian Standards Institution. This standard details a sampling scheme for all type of vegetable oils and fats and methods of tests for the various requirements detailed in the specifications for castor oil, coconut oil, cottonseed oil, groundnut oil, mahua (mowrah) oil, mustard oil and sesame oil, already published by the Institution. These methods also include a test for detection of argemene oil, which is used as an adulterant in mustard oil and which causes epidemic dropsy. As India figures prominently in the world trade of vegetable oils as an important producers and supplier, consideration has been given to the need for international co-ordination for such standards prevailing in different countries. It is hoped that with the introduction of this standard, there will be a uniform system in the country for sampling vegetable oils and fats and evaluating their different characteristics.

*

Big Reduction of Prices in Poland: The Government of the Polish People's Republic and the Central Committe of the Polish United Workers Party adopted jointly a resolution introducing another reduction in retail prices for a number of industrial and consumer articles. The reduction, which took effect from April 24, 1955, will bring to the population a saving of about 4 billion zlotys per year. To give but the few examples, the prices of fats are reduced from 2 to 3 per cent, cigarettes 6 to 25 per cent, fruit wines by about 6 per cent, butter 3 to 6 per cent, milk by 8 per cent. The prices of coal are now 10 per cent lower. The prices of silk textiles and woollen cloth came down by 10 per cent while footwear is now between 8 and 18 per cent cheaper. Agricultural machinery and implements cost now 10 per cent less and electrical goods as much as 30 per cent less.

NEWS IN BRIEF

INDIAN

With the inauguration of the Employees' State Insurance Scheme in Hyderabad on April 25, another 18,000 factory employees will benefit under the scheme, which is to come in operation in Hyderabad, Secunderabad, Sant Nagar and some other localities.

*

At the instance of the Union Production Ministry, the Mysore State Government is examining a proposal for starting a marine steel industry at Nagavali (Bangalore) as an allied industry of Bhatkal shipbuilding project.

*

A scheme to set up a wool processing centre at Vanimangalam, North Arcot district, jointly by the Madras and Mysore Governments, has been approved by the Central Government. The cost of machinery is estimated to be Rs. 5,90,000 and the estimate for the total cost of the scheme is Rs. 11,30,000.

*

The Central Food Technological Research Institute (Mysore) is setting up a plant for the production of vegetable milk at Amraoti in Madhya Pradesh. This will be the second plant of its kind in India, the first one being in Travancore-Cochin.

*

A new railway siding at an estimated cost of Rs. 6 lakhs is in advanced stage of construction at the Faridabad refugee township near Delhi, where several industries are in production and some others are being put up.

*

Arrangements are being made for the procurement of equipments worth about $1.5 million for the construction of 350 exploratory tubewells in 16 States in India. The operations are expected to start immediately after the rainy season.

*

The handloom cess of three pies per linear yard, which is being collected at present, will be converted into a cess of three pies per square yard. This will bring the units of assessment of the cess in line with the units of assessment of the basic excise duty on wool and other handloom fabrics.

*

Schemes for increasing the annual output of coal to meet the increased demand are being drawn up by the Government of India in consultation with the Planning Commission. It is estimated that the demand for coal might increase by more than a third during the second Five-Year Plan period.

*

A Six-Year Plan for the development of tourism has been drawn up by the Government of India in consultation with the State Governments. The Plan, estimated to cost Rs. 15 crores, has been approved by the Central Tourist Traffic Advisory Committee.

*

The number of handloom weavers' co-operative societies in 18 States is 3,975. In addition, there are 505 yarn distribution societies in those States. The output of handloom cloth during 1954 increased by 118.21 million yards over that of 1953.

*

Twenty-nine co-operative cotton ginning and pressing factories and two co-operative cotton textile factories have been opened so far during the first Five-Year Plan period. Of these, 23 cotton ginning and pressing factories are in Bombay and three in Madras. Uttar Pradesh, Mysore and Punjab have one each. The two co-operative cotton textile factories are in Madras and Andhra.

FOREIGN

The Canadian newsprint industry operated above capacity for the eighth consecutive year in 1954, the production of newsprint being 5,984,207 tons, 101.1 per cent of capacity which was rated at 5,919,917 tons. Capacity for 1955 is rated at 6,064,489 tons.

*

The Ceylon Government has made a reduction in tea export duty from one rupee thirty cents to one rupee per pound; the reduction would not be applicable to tea purchased or manufactured by exporters prior to midnight of April 21-22. Such teas will be levied duty at one rupee thirty cents per pound.

*

The Soviet Union is understood to have placed twelve million roubles at the disposal of the U.N. Technical Assistance Board. The fund can be used for sending Soviet experts to underdeveloped countries, for purchase of Soviet equipment and training nationals of underdeveloped countries in the Soviet Union.

*

The fourth International Trade Fair for Leather, Footwear, Leather-ware and allied branches will be held at Utrecht in the Netherlands from 13th to 17th June, 1955. Among the articles to be exhibited are leather and articles, tanning agents, chemicals, machinery, etc.

*

New trade and payments agreements regulating the goods turnover payments between the Polish People's Republic and the Republic of Egypt for the period up to March 31, 1956, were signed in Cairo recently.

*

Oil refineries in China plan for 36.9 per cent more output this year than last. Production of some major items will be raised up to 70 per cent. The oil refineries will manufacture 29 new products and it has been decided to improve working processes, carry out more scientific research and improve welfare conditions.

*

The Export-Import Bank at Washington has agreed to lend $75 million to Brazil to finance purchase of U.S. capital goods during the next six months. These purchases must be approved by the Bank of Brazil and the Export-Import Bank and must be necessary to meet Brazil's minimum import needs.

*

Turkey is at present faced with the problem of shortage of foreign exchange and its sterling holdings are meagre. In certain cases, payments for goods received as early as middle of 1952 are said to be still outstanding.

*

The stringent foreign exchange position in Indonesia has necessitated a slash in imports in 1955. The allocation for textiles totalled only 600 million Rupiahs, although the country's requirements are in the neighbourhood of 2,500 Rupiahs.

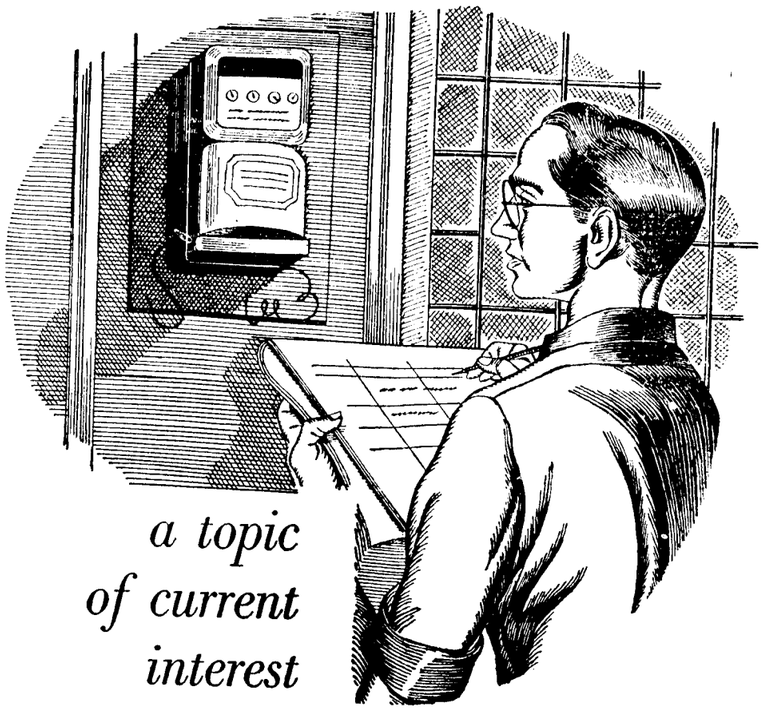
*

Industrial production in Yugoslavia, in the first quarter of this year, was 27 per cent higher than in the same period last year. Marked increases of production in the first two months of the year were recorded by the building material industry, ferrous metallurgy, power generating and textiles.

*

A Ceylonese Ministerial delegation, headed by the Minister of Industrial Housing and Social Services, Sir Kanthiah Vaithianathan, is currently on a 15-day tour of India during which period they have been visiting the various river-valley schemes, community projects and industrial centres.

PLX-26



a topic of current interest

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A Window on the World

WHO FRIGHTENED THE SOVIETS?

By

ODYSSUES

TWO OF THE BASIC FACTS about international relations after World War II are: (1) the eclipse of the old great powers and the emergence in their stead of the two colossi, the U.S.A. and the U.S.S.R., and (2) the splintering of the sovereignties of many parts of these old empires and their re-distribution in a number of smaller states.

The problem that I would like to consider this week is: Can the smaller states that have splintered off from the old empires retain their hard won independence?

The question really only applies to the Asian successor states India, Pakistan, Ceylon, Burma, Indonesia, and Indo-China—because in Europe the answer has already been given. It is 'No'. The successor states which emerged from the old Austro-Hungarian empire after World War II all lost their independence (save in name) when President Roosevelt ignored Churchill's warning that the advance of the British and U.S. troops should not be slowed down, as Stalin had requested, but should be sent as far east of Berlin, Prague, and Vienna, as possible.

Those people who argue that the U.S.S.R.'s admittedly aggressive absorption of ten East European countries was prompted solely by fear and that it only requires disarmament on the part of the U.S. "warmongers" to reassure the U.S.S.R. so that she will become a good neighbour overnight, and roar as sweet as Nick Bottom the weaver's sucking dove, have forgotten the history of the years 1945-47. I recommend them to refresh their memories by reading Paul Winterton's "Inquest on an Ally" (Cresset Press, London) and Adlai Stevenson's "Call to Greatness" (R. Hart-Davis, London). The facts are that the Soviets advanced on the heels of the retreating Germans all along the line of the Baltic to the Black Sea and that while the Americans and the British urged plebiscites and free elections so that the countries liberated by the U.S.S.R. should resume control of their own affairs, the Soviets set up the puppet governments that they had brought with them and organised elections in the well-tried totalitarian manner to ensure that the liberated populations voted Communist governments into office. Throughout these ten countries, all key positions were occupied by Soviet officers or by local Communists acting under Soviet orders. Nor were the Soviets scared into this effort by U.S. warmongers, for the 3,500,000 U.S. soldiers in Europe were sent home and demobilised, as fast as ships could take them. I seem to remember General Eisenhower addressing a mass of almost mutinous U.S. troops who were complaining at having to wait in Europe a few weeks for their turn. In the end an occupation force of two divisions was left in Germany, supported by a reserve of a mere six battalions at home in the U.S.A.

Badly frightened by the presence of these two American divisions, the U.S.S.R. kept forty divisions in Europe and one hundred in reserve.

SOVIETS LOSE ARSENAL

Moreover, the internal economic and food situation in France, Italy, and Western Germany (to mention no other countries) was desperate and European morale was at its lowest ebb. It soon became clear that the U.S.S.R.'s objective was to create conditions in Western Germany which would re-unite it with Eastern Germany under a Communist coalition government which would be the first step towards enclosing all Germany within the Soviet system. Nor should it be overlooked that there were substantial Communist minorities in France and Italy. If these countries had seen Germany engulfed and if the rest of free Europe had been left to defend itself as best it could from such an overwhelming weight of the balance of power in the Soviet scale, and if U.S. economic help had not been forthcoming, all Western Europe, one of the world's three great industrial concentrations, would today be a Soviet arsenal.

Fortunately, the U.S.A. found in President Truman and his Secretary of State, General George Marshall, two statesmen who were equal to the tremendous occasion which faced them. They realised that they must swing U.S. public opinion and the U.S. economy back from peace to preparedness. Confronted with the menacing preponderance of U.S.S.R. strength and the futility of further negotiations from weakness, the U.S. government had the courage to take the unpopular course and reverse American policy from disarmament to re-armament; the U.S. government told Americans the facts of the Soviet menace and were rewarded by overwhelming support for the bold policies that they then initiated.

Thus it was that, in 1947, after two years of demobilisation and "Don't let's frighten the Soviets", the U.S. government initiated:

(1) Aid to Greece and Turkey, struggling against Communist guerilla hordes and Soviet threats.

(2) President Truman's policy of help to peoples threatened externally or internally who were prepared to resist.

(3) The great Marshall Aid plan to revivify the European economy—an offer incidentally extended to the Soviet satellite states which were forced to reject it by the U.S.S.R. for fear evidently that they would cease to be U.S.S.R. puppets and become U.S. puppets. In fact, however, it does not appear that such countries as France, which caused the U.S.A. such agonising re-appraisals by its rejection of the European Defence Community plan in 1954, have lost their liberty to the "ruthless tyrants" of the State Department.

(4) Steps towards the re-establishment of Western Germany as a partner on terms of equal sovereignty with the West. No such steps have been taken by the U.S.S.R. to restore full sovereignty to Eastern Germany.

(5) The Inter-American Treaty of Reciprocal Assistance, the first permanent alliance ever entered into by the U.S.A., the forerunner of the North Atlantic Treaty Alliance, and others, all of which are realistic recognitions that the mighty U.S.A., no more than any other country, can afford to face this predatory world without friends.

These first steps were followed up by others to sustain resistance to Communism, such as the Anglo-American air-lift to break the U.S.S.R. blockade of Berlin, world-wide economic and military assistance programmes, the Australia, New Zealand and United States (ANZUS) treaty, U.S. participation in the resistance to the North Korean invasion of the South, and so on. Of these efforts, Mr. Adlai Stevenson says with just pride in his "Call to Greatness":

"Together they constitute a mighty and global effort to contain aggression, redress the balance of

power, counter Communist peneration, and build the free world's moral, economic and military vitality, to the end that the weak and strong can be independent, can live in peace and each work out its own way of life."

COUNT YOUR BLESSINGS

Of course, American statesmen have made mistakes of policy and judgment, some of which I outlined, without mincing words, in my "History of Our Own Times" (publlished here between January 14 and February 25), but the first statesman who can guarantee never to make a mistake will close down that peace prize they keep on handing out in Sweden between the wars. Who doesn't make mistakes? Even saints have been known to admit to fairly large sized blunders. Mr. Adlai Stevenson devotes several pages of his book to chastening his fellow countrymen and urging them to learn by experience and he instances an episode of the Korean war to illustrate his theme. When in the autumn of 1951, the U.N.O. forces had repelled the invaders and driven the crumbling North Korean army beyond the 38th Parallel, "the Indian government warned us of the danger of further advances. A few wise counsellors in our own government also anticipated the Chinese reaction if we approached the Yalu river. China's intervention and two years of war may well have been the price for rejecting that advice."

I submit that it is the beginning of sound foreign policy for a country to recognise who its friends are, to count the blessings that spring from its friendship, and to judge its friends generously rather than carpingly. It may be that my reading of the history of the years since the end of World War II is entirely wrong, but the more I reflect upon the facts, the more they seem to me to add up to this:

During the two years 1945-47 after the American government had withdrawn its troops from Europe and demobilised them, and was desperately anxious to ensure that nobody put fear into the hearts of the Soviets, and was ready to risk its friendship with Britain, its more powerful ally for precisely that reason, and desired nothing better than to be allowed to turn its back on the rest of the world, and get on with its own affairs in its own wide and prosperous back garden—during all that period, I say, what was the Soviet government doing? Demobilising? Getting back to production of consumer goods? Holding free elections for the peoples that it had liberated? It was not. It was mopping up ten small European countries, splinters of an old empire that were not strong enough to stand on their own feet, and had been given no chance to ask for outside help.

We, who live in that part of the Asia which is still free, cannot, I think, be too thankful that while the U.S.A. was following the Roosevelt policy of appeasement, the U.S.S.R.'s attention was concentrated on Europe, for it might have been turned towards Turkey, Greece, the Arab countries of the Middle East, the Suez Canal, Iran, and Afghanistan, and those who remember what was going on in the Indian sub-continent in those years 1945-47 may feel that we should have had difficulty in resisting organised subversion by the Communist Party of India, aided by infiltrations from across the Afghan border. We may be thankful that it was not then that the Chinese Communists launched the Korean war, for there would have been no one to stop them, and they might have taken ship and sailed on to Japan. Nor would Viet-Nam and the French have held out as long as they did against the Communists in Indo-China. It is too soon to say that we are out of that wood yet, and that the Viet-Minh will keep carefully inside their own borders and refrain from trying to liberate Laos, Cambodia, and Siam. So, taking it all in all, I cannot help feeling that we ought to be thankful that in 1947 the American worm did turn, and that it did not offer the other cheek, but re-armed itself to the teeth (one of my happier mixed metaphors, that!), and that by 1955 the Americans had established in the Pacific and South-East Asian area, naval, air, and land forces, equipped with the latest weapons, totalling nearly one million men. Those fellows are on our side. They want us to be prosperous and free and this for a simple reason: it is to their advantage that we should be.

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A DELHI DIARY

DR. HELLEN KELLER

AVOIDING the tumult and shouting (in and outside Bandung!), I intend to turn this week to the blind and the deaf. Both have been symbolised in Delhi recently by Dr. Hellen Keller, whose stay in India unhappily concluded this week. On Wednesday she addressed her last Press Conference here and had much to say which was of interest. May I say that the manner of her saying it was what gave it such tremendous meaning? The romance of Dr. Hellen Keller's triumph over her disabilities is one which cannot fail to catch a listener by the heart. There was to be seen amongst her listeners on Wednesday both pride and pathos. Speaking for myself I would have said pride came first. I felt proud, as never before, to belong to homo sapies; it is a species which has courage. Toughness, like ripeness, is all!

There was no suggestion anywhere of self-sympathy. Dr. Keller spoke everywhere with a sense of satisfaction with her life bordering on enthusiasm. She spoke of her visit to the Taj with joy. Although she could not actually see it in the moonlight she had "felt it like frozen music." "My fingers," she said, "were touched as if by flames as I flashed my hands over its walls. I was deeply touched by the grief, which the Taj embodies, but at the heart of it I felt the surging life of the generations that have gone by and had a prophetic sense of the vigorous men and women that are still to be born."

Was this all the language of hyperbole? I cannot think of Dr. Hellen Keller's saying anything insincere, and what, indeed, could she gain by saying it? Anyone who has lived with adversity in the conditions in which she must have worked cannot possibly, like other men and women, desire applause which she could hardly hear or enthusiasm which she could not see. I argue that she has some other sense which is truly prophetic, and I take heart from her utterances because I think what she now sensed is coming true.

Dr. Keller's visit would have been worth while for us as well as for her if her advice on assistance for the blind could find some practical shape. She spoke particularly of the prevention of blindness and the responsibility of citizens of means to fight the age-old curse of blindness in the villages by providing "eye camps" and mobile clinics. She recognised the dearth of nurses and surgeons, particularly the latter. She thought that women could lighten the labours of doctors and could help in reducing the shortage of semi-skilled assistanse. Will not the Government of India take note of all these suggestions and frame some programme of action here in this great capital city where blindness and deafness are not less than elsewhere in the country.

ESCAPISM IN DELHI

I wonder how many people are familiar with the tiny little school for the deaf and blind to be found on the road beyond Tughlakabad fort. I have passed this excellent little institution hundreds of times, but I regret to say that on no occasion has my interest been large enough for me to get down and look at the tragedy that is contained within the school compound. I think we are all escapists in that sense. We recognise tragedy, but, as with destitution, we wish to keep as far away from it as possible. Dr. Hellen Keller has made us feel comfortable, partly, I think, because to some extent she salves our conscience by showing us a way out. I do not like to be uncomfortable and for that I pay her tribute. She has not drawn any sympathy for herself; she has directed attention only to Indian sufferers from her disabilities.

While I suppose one should have equal sympathy for the sufferings of animals, I fear I cannot be moved by their sufferings in anything like the same measure. I see, however, that a noted doctor has thought differently. I produce without comment the sad case of the demise of a parrot which shows a somewhat different angle of vision. This report has been taken (without change!) from "The Statesman," April 27, 1955.

PET PARROT'S FUNERAL

MORADABAD, April 26.—An impressive funeral was given to a parrot which died here recently. The dead parrot which belonged to Dr. T. L. Saxena, the town's leading Homoeopath, was carried in a procession in the lap of the chief mourner, who sat in a cart, and buried with full Hindu rites.

The parrot had been with the doctor for 15 years, and so close had become his attachment to it that the doctor, who is a widower, had not left the town for 14 years in order to be with his pet all the time.

The parrot had been ill and had to be shot when all treatment failed.

The grief-stricken doctor neither ate nor attended to his business for three days. He is now said to be proposing to go on a pilgrimage.

EIGHT LITTLE CHINAMEN

The echo of another tragedy (also of a flying bird!) resounded through the Lok Sabha on Thursday. Repeated questions were asked about the staff of Air India International at Hong Kong. In the House of the People a question was raised by Mr. Mahanti whether the eight Chinese members of the staff belonged to the Communist or KMT China. The Communications Minister said he did not know but undertook to make an enquiry. There was not much conviction carried by his suggestion that "a full enquiry into antecedents was difficult in foreign countries." In the Rajya Sabha, Mrs. Parvati Krishnan asked whether a senior Air India International officer had warned the Air India headquarters last year of attempts made by undesirable people in Hong Kong to enter Air India service. Here again an enquiry is being undertaken.

There is not a little concern about this matter in New Delhi because it seems clear now from what has already appeared in the Press that this was a case of sabotage. It would appear that, on receipt of information in Hong Kong from the British Charge d'Affaires at Peking, the Hong Kong authorities decided to let the baggage of all Chinese passengers go through without handling by police or other persons in the aerodrome area. Suspicion, therefore, will tend to rest on Chinese members of Air India International staff unless it is otherwise rebutted. It is hoped sincerely that the fullest enquiry will be held into the antecedents of every member of the staff. Diplomatic repercussions of the crash of the "Kashmir Princess" have been so great that there should be no attempt to hide any material fact. I must confess to a strong personal bias in favour of the management of Air India International which, in my opinion, has performed a most imaginative and difficult task of which all Indians should be proud. Let there be no lapse!

ARGUS.

Special Articles

INDIA'S NET OUTPUT: 1948-49 TO 1953-54

A PUBLICATION of the Central Statistical Organisation of the Government of India, entitled Estimates of National Income 1948-49 to 1953-54, contains the latest official figures of net national output at current and constant prices. These are reproduced in Table I below.

It will be seen that at current prices India's national income is estimated to have risen from Rs. 8,650 crores in 1948-49 to Rs. 10,600 crores in 1953-54. Reduced to 1948-49 prices, the figures move from Rs. 8,650 crores to Rs. 9,950 crores and in this series there is no year in which there was a setback. However, a substantial upward trend has been only from the year 1950-51, and in the last three years at constant prices the rise in real national income has been about 12.5 per cent. In per capita terms, the table indicates that the figure has risen at constant prices from Rs. 246.3 in 1950-51 to Rs. 266.5 in 1953-54.

Whereas total output at constant prices has been steadily upward, this is not true of per capita net output as there was a fall in per capita terms between 1949-50 and 1950-51. In other words, in one year in the last five, Indian economic progress was not equal to the rate of population growth. According to these figures the net output of India has risen 15 points in five years, in other words, at an average rate of about 3 per cent per year. On the other hand, the significant rise is only for the last two years noted in each of which there was an advance of about 5 per cent per year. These figures confirm the estimates quoted by 'The Eastern Economist' and 'The Indian Institute of Public Opinion' although there is a minor difference in the final results. It would appear that net output in the last three years considered has risen by something of the order of 13 per cent.

It is interesting to see in a supplementary table reproduced below, (Table II) of Government capital formation and finance, how in spite of the developments of the Plan until 1952-53 there was no significant change in the Government draft on private income, and gross capital formation on Government account is given as Rs. 300 crores for 1951-52 and 1952-53 against Rs. 270 crores in 1949-50 and 1950-51.

Similarly, so far as the Government share in the generation of the net product is concerned it still remains distressingly small as Table III will indicate.

In other words, the contribution of the Government to the net domestic product of the Indian Union for the four years from 1948-49 to 1952-53 has been relatively constant, the figure for the output of the private sector being about 92 per cent of the net domestic product in practically every year. The figures appearing in this publication would seem to suggest that the Government of India until the year 1952-53 was almost neutral to the Indian economic system. Surely, this conclusion is an error in view of the rising tempo of Government expenditure in the last of these years.

TABLE I

Comparison of Movement of Net National Output

At Current and Constant Prices

	1953-54**	1952-53	1951-52	1950-51	1949-50	1948-49
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Net output in Rs. abja*						
1. At current prices	106.0	98.6	99.9	95.3	90.1	86.5
2. At 1948-49 prices	99.5	95.2	91.6	88.5	88.2	86.5
Per capita net output in Rs.						
3. At current prices	283.9	267.4	274.5	265.2	253.9	246.9
4. At 1948-49 prices	266.5	258.1	251.7	246.3	248.6	246.9
Index number of net output with 1948-49 as base						
5. At current prices	122.5	114.0	115.5	110.2	104.2	100.0
6. At 1948-49 prices	115.0	110.1	105.9	102.3	102.0	100.0
Index number of per capita net output with 1948-49 as base						
7. At current prices	115.0	108.3	111.2	107.4	102.8	100.0
8. At 1948-49 prices	107.9	104.5	101.9	99.8	100.7	100.0

* abja=100 crores=10^9.
** Preliminary.

TABLE II

Government Capital Formation and Finance

	1952-53	1951-52	1950-51	1949-50	1948-49
Surplus on current account and maintenance provision	1.7	2.8	1.9	1.6	0.1
Government borrowing at home	0.7	0.0	0.5	0.1	2.7
Government borrowing abroad	0.3	0.7	0.1	0.2	—2.2
Extra-budgetary receipts and adjustment for cash balances	0.3	—0.5	0.2	0.8	1.5
Gross capital formation on Government account	3.0	3.0	2.7	2.7	2.1

TABLE III

Government Share in National Expenditure

	1952-53	1951-52	1950-51	1949-50	1948-49
Government current expenditure on commodities and services (Government administration)	5.8	5.5	5.6	5.7	7.1
Government administrative capital expenditure	1.2	1.0	1.0	1.3	1.1
Government enterprises capital expenditure	1.7	1.8	1.6	1.6	1.2
Net national expenditure at market price	100.0	100.0	100.0	100.0	100.0

FOOD EXPORTS IN THE SECOND PLAN

(CONTRIBUTED)

IN an agricultural economy, a well defined food policy is the first prerequisite for successful formulation of a plan. Food grains occupy a pivotal place in an economy which is largely agrarian, and even a moderate rise and fall in the production of food grains may affect the entire economy through its impact on the level of prices, the standard of living and the balance of payments position.

India's food policy in the first Plan was in practice, though not in theory, one of self-sufficiency. The target aimed at was increasing food grains production by 7.6 million tons over the total yield of 54 million tons in 1949-50. The Progress Report of the first Five-Year Plan for 1953-54 reveals that not only has this target been achieved; the total production of food grains has in fact exceeded the target limit by 3.8 million tons. The factors responsible for this remarkable achievement are considered to be programmes of community development, Grow More Food schemes, multi-purpose power projects and major and minor irrigation works and at least in 1953-54 a very favourable monsoon. This has meant a saving of nearly Rs. 130 crores of foreign exchange in one year, i.e., in 1953 alone and possibly more in 1954-55.

The increase in national income over the base figure of the first Plan is anticipated to amount to nearly 15 per cent. During the second Plan which is likely to be predominantly an industrial plan, the increase in national income may be anticipated to be in the neighbourhood of 25 to 30 per cent. An increase in national income of this size is likely to step up total consumption by something like 20 per cent and the demand for food grains by possibly 15 per cent. Allowing for the increase in population and for some reserve for lean years, the production of food grains from 65 to 77 million tons should ensure self-sufficiency during the second Plan period at a slightly higher standard of consumption.

But should the food policy in the second Plan continue to be that of ensuring self-sufficiency? The answer to this will depend upon the resources that can be allotted to the agricultural sector and the extent to which food production can be increased. Although the emphasis in the second Plan is likely to be on industry and mining, and the percentage allocation to agriculture, irrigation and community development will decrease, nonetheless the actual expenditure on the agricultural sector is likely to be significantly greater than in the first Plan. There are proposals to start three more Sindris and increase the production of fertilisers in the country to nearly four times the existing production. In the field of community development it is anticipated that by 1960-61 the entire country will be covered by a network of national extension service blocks (during the first Plan only one-fourth of the country is likely to be covered).

It is, therefore, obvious that during the second Plan period emphasis on agriculture will continue. The extent to which this emphasis will lead to increase in food production cannot safely be estimated. But there are possibilities of increasing the total yield to some 80 to 85 million tons*. The increase during the last three years has been nearly 15 million tons (production of food grains in 1950-51 was 50 million tons and in 1953-54 was 65.4 million tons) and with the anticipated increase in the development outlay on agriculture it is reasonable to anticipate an increase of another 15 to 20 million tons by 1960-61. This will leave us with a surplus of some 3 to 8 million tons. Should then our food policy in the second Plan still be that of only ensuring self-sufficiency?

If the answer is yes, the concomitant conclusion is that a slackening of pace in the development of agriculture is desired. The reason may be that if the production of food grains exceeds the total internal demand, the excess may lead to depressed food prices and if the food prices are allowed to remain depressed the entire economy may be shaken. This is a truism and it is obvious that in a planned economy agricultural prices cannot be allowed to remain continually depressed.

The solution to this will depend upon whether the surplus can be advantageously exported to countries that can supply in exchange the capital goods needed by India. According to F.A.O.'s Year Book of Food and Agricultural Statistics 1953, the total world imports of cereals in 1952 amounted to nearly 32 million tons, of which the European countries' share was as much as 22.8 million tons. Some European countries such as Germany and the United Kingdom which in fact are large importers of food grains, are industrially advanced countries and can supply to India the needed machinery and equipment. However, judging from the downward trend of food prices in the international markets, it is likely that the level of food prices in international markets may appreciably go down during the next three or four years. The justification of following a policy of subsidising exports, if such a situation arises, lies in the production of Indian agriculture and the earning of foreign exchange for financing the imports of capital goods needed for industrialisation.

Thus there may be a case for revising food policy in the second Plan from self-sufficiency to a policy for exports. The losses resulting from subsidising food grain exports, if the food price in international markets goes down below the floor price desired to be maintained in the internal market, are not likely to be greater than those of putting in a system of internal supports.

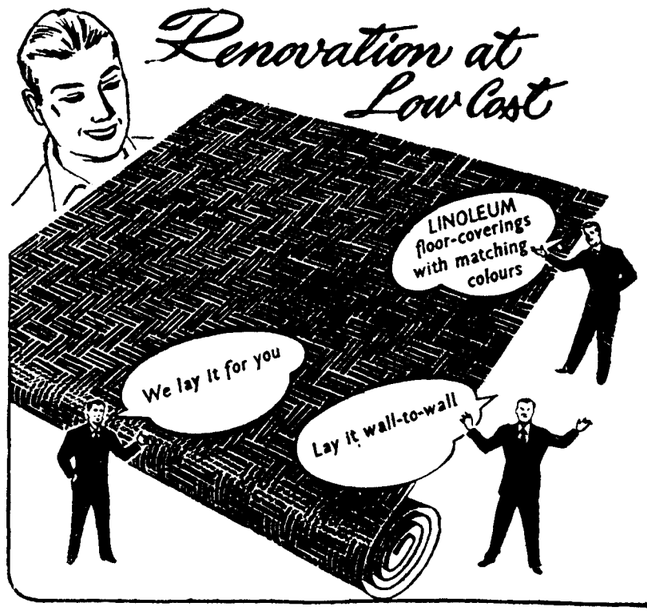
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* Some idea of the extent to which yield of food grains can be increased by proper manuring and improved methods of cultivation can be had from the results of the All-India Crop Competitions. For example in 1951-52 the maximum yields per acre recorded for various crops were as follows:

(In maunds)

Crop	State standing first in competition	Maximum Yield	Average in competition	Average of the State	Average for India
1. Paddy	Coorg	136	34	20	7.7
2. Wheat	Punjab	72	33	16	6.8
3. Jawar	Bombay	85	10	4.5	4
4. Bajra	Bombay	29	3	2	2.5

Source: Indian Council of Agricultural Research.

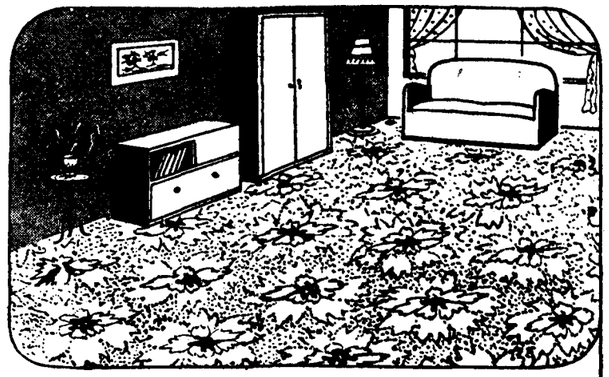


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The Business World

MILLOWNERS' ASSOCIATION ON LANCASHIRE

By

CROESUS

FOUR important subjects figured prominently in the speeches of the Chairman and the Deputy Chairman at this year's annual general meeting of the Millowners' Association, Bombay, (B.M.A.), held last week—(i) Indo-U.K. trade in cotton textiles, (ii) settling industrial disputes without recourse to law courts, (iii) excise duties on cotton textiles and (iv) the Kanungo Committee Report. The first of these, namely the question of India's exports of cotton textiles to the U.K., was the subject of pointed reference not only by Mr. Neville N. Wadia, the retiring Chairman of the B.M.A., but also by Mr. Murarji J. Vaidya, President of the Indian Council of Foreign Trade (I.C.O.F.T.) though the slant in either case was different—at the second annual general meeting of that body, besides being, to boot, the main topic of discussion at a high level conference of India's textile interests presided over by Mr. H. V. R. Iengar, the able and amiable Secretary to the Union Ministry of Commerce and Industry, who came down specifically for this purpose, braving the hottest day in Bombay's history. Mr. Iengar admitted he was not prepared for this "very warm reception" that not only awaited him but also lasted for the duration of his brief stay in the city.

Apropos the high level conference, having been sworn to secrecy, perhaps, no one who participated in the conference would say anything about what transpired at the conference. The utmost that I could gather from my talks with more than one participant was that all the Indian textile interests present formed a unanimous view on the subject this time. Whatever the expressed view, unlike some of my other journalist-friends, I consider even this information significant enough, because it represents a distinct improvement over what the position in this behalf was some time ago, when, as those in the know of things vouchsafed to me, there was a marked conflict of views on the question as between Ahmedabad and Bombay mill interests. I have a hunch that it must be Mr. Iengar who brought about this happy consummation.

Before I proceed to analyse the position regarding exports of Indian cotton textiles to the U.K., I should like to quote, for purposes of record, what Mr. Murarji Vaidya said at the I.C.O.F.T. meeting and also what Mr. Neville Wadia said at the B.M.A. meeting. Referring to the question, Mr. Vaidya said:

> "The interests concerned in Lancashire have been trying to make out that the exports of our cotton textiles to the U.K. are in the nature of a deliberate attempt by India to harm the textile industry of that country. I had hoped that our friends in Lancashire are not so naive as to believe that the Government of the U.K. would permit the large-scale import of Indian textiles into the U.K. unless it was in the interest of British economy. It is necessary to state unequivocally that the British processors are importing our textiles into the U.K. for the very simple and very profitable purpose of processing them and exporting them to other markets of the world. It is a paying proposition for them because it is a semi-finished material for them and that is why they are importing it. Therefore there is no question of any dumping or of any undesirable practice on the part of India in this matter at all. India does not have the political power over the U.K. which the U.K. had over India for decades, and, therefore, this talk of dumping of textiles by India into the U.K. is, to say the least, very ingenuous. I hope that our Government will not be persuaded to take any action which would in any way either increase the cost of of our textile exports to the U.K. or which will enable a larger import of U.K. textiles into India. In other words, I would strongly urge upon the Government of India not to reduce the import duties on the U.K. textiles into our markets. The present growth of our export to the U.K. is absolutely a normal commercial phenomenon, and should not be interfered with. India has been generous enough to forget the injury that has been done to her textile industry in past, and it is not in the least graceful on the part of Lancashire interests to malign India's textile trade in the eyes of the world in the manner it has been indulging in the recent past. I hope that wiser counsels will prevail and that the very happy commercial relations that exist at present between the two countries will not be allowed to be disturbed by the propaganda of a handful of interested parties whose vision is not broad enough to see things in their proper perspective".

In the course of his speech as B.M.A. Chairman, Mr. Neville Wadia stated:

> "Much has been said in Lancashire about increasing imports of Indian piecegoods into the United Kingdom. This gave rise to demands for protection against our goods. The main complaint was the amount of goods being retained in the United Kingdom out of our total sendings, and not against the amount to be imported for processing and re-export. Another of their complaints was that, while Indian goods were called upon to pay 60 per cent and for certain varieties 75 per cent import duty into this country, against the 2½ annas per square yard and ¼ anna per linear yard cess on superfine goods made in India. Recently, a Delegation headed by the Hon'ble Mr. Angus Campbell arrived in this country for the specific purpose of making appropriate representations to the Government of India regarding the level of duties imposed on cotton piecegoods imported from the United Kingdom. While I am unable to say what the final results of their representation will be, undoubtedly their visit has done much to restore cordial relations between Indian and British industries. It has also given a very good opportunity of appreciating each other's problems, and has thus led to a much better understanding. Our discussions with the Delegation were carried on in the most cordial atmosphere, and it is our earnest hope that a solution satisfactory to all will be the outcome."

Speaking at the I.C.O.F.T. meeting, Mr. Iengar made a few realistic and pertinent observations on the question. The question, he began by saying, needed to be examined dispassionately. There was no point in blaming the U.K. Government or Lancashire textile

interests for putting forward suggestions for a solution of what is undoubtedly a vital question to them, what with a general election in the offing. There was a time, the Commerce and Industry Secretary recalled, when the U.K. was sending about 3,000 million yards of cotton textiles to this country, against the figure of only 3 million yards today. The position was not only that India had drastically reduced her offtake of Lancashire goods by imposing a prohibitive import duty, as alleged, but exports had actually begun to cut into the U.K.'s domestic markets.

Surely these facts had not been fully appreciated, but now thanks to the recent visit to India of the British delegation headed by Mr. Angus Campbell, and the talks the delegation had both with the Government and mill interests, a satisfactory solution should not be difficult of achievement. Meanwhile, it is reassuring to learn from Mr. Iengar that the Government of India have not yet arrived at a decision and that their decision will be taken after a dispassionate examination of all the aspects of the matter and after taking into account the overall interests of the country and not merely of the Indian cotton mill industry. Even so, I would like the authorities to bear in mind one important consideration, to which Mr. M. P. Gandhi, the well-known textile publicist, has appropriately drawn attention in a timely way. It is the problem that the Indian mill industry would have to face with regard to the disposal of its own production consequent on the possibly increased arrivals of British cotton goods, on the one hand, and the steadily increasing production of handloom goods, most of which must find a market in this country for obvious reasons. Unless India is able to increase her exports to an extent to which she may yield place in the domestic market to her own handloom goods and the increasing arrivals of British goods (if it is intended to facilitate such as a gesture in the overall interests of Indo-U.K. trade)—which seems too much to hope in the face of the growing competition of Japan and also the new entrants into the international textile export field such as Egypt, Pakistan, Portugal—the position demands close and careful watching.

The idea of settling industrial disputes without recourse to the law courts is not a new one. It is gratifying to find that Bombay millowners have thought fit to settle all differences with their workers without resorting to the law courts, as far as possible. Mr. Wadia briefly alluded in his address to an agreement recently reached with the Rashtriya Mill Mazdoor Sangh to set up panels from the Association and the Union from which persons could be selected from both sides who would try and settle a number of points without recourse to the courts. Surely, nothing better could be desired, all the more so, in view of the proposed abolition of the Appellate Tribunal and the revised procedure envisaged for the settlement of industrial disputes in the future.

The Deputy Chairman of the Bombay Millowners' Association, Mr. J. C. Burns, is inclined to let facts speak for themselves. Both in pleading for sympathy for the superfine section of the cotton mill industry in India, and in pointing out that the recommendations of the Kanungo Committee are not likely to be practicable, he has adopted an approach all his own. Thus, he has worked out the percentages of the incidence of the excise duty on superfine cloth of average width (of approximately 47") on the basis of cloth valued at between 12 annas and Re. 1-8 per yard and has shown that the excise incidence on superfine cloth averages no less than 17.2 per cent and is, therefore, still quite high. According to Mr. Burns, on a total quantity of approximately 312 million yards of superfine cloth, the excise, including handloom cess, may amount to Rs. 5.73 crores against the total of Rs. 28.4 crores estimated to be received from excise on all varieties of cloth for the year 1955-56. It is further his contention that, in a tropical country like ours, superfine goods are almost a necessity and can under no circumstances be called a luxury; the inference being, obvious that it cannot be made to carry an incidence of excise duty which a luxury article merits.

After briefly summarising the estimate of the Kanungo Committee and the total domestic consumption and exports and alluding to its recommendation that the production of the mill industry should be frozen at the present level of 5,000 million yards per annum, Mr. Burns observes that the present production of the handloom and the powerloom industries, according to the Kanungo Committee itself, is 1,600 million yards per annum which would have to expand to 3,200 million yards per annum or, in other words, by exactly 100 per cent. This raises a number of questions which have been posed by the Deputy Chairman of the B.M.A. The first is the question of cotton supply, and then whether, in the present uncertainties, the spinning side of the mill industry will expand to the required extent. Next comes the question whether the handloom industry itself can expand to the extent visualised, even assuming the conversion of a large proportion of the handloom to powerlooms with a very much larger per unit production. Mr. Burns frankly expresses his doubts, first, because of the finance required for the coversion, secondly, because of the size and scope of the organisation required to implement the recommendations, and, lastly, because of the fact that these hand powerloom will introduce competition into the handloom industry itself and non-powerloom may find it impossible to compete. He does not leave the matter there but proceeds further with his calculations. Taking the question of finance Mr. Burns says that the total amount that would be required is Rs. 70 crores, made up of Rs. 36 crores, being the estimated expenditure on machinery, working capital Rs. 50 crores, and conversion of handlooms into powerlooms, installation of new semi-automatic handlooms, etc. Rs. 12 crores. In this connection, he makes a pertinent point of the doubt which the committee itself seems to entertain on the question of the agency that would be necessary to deal with the planning and execution of the whole process. Further, as he says, the committee expects half of the expenditure for this purpose, namely, Rs. 20 crores to come from Government. These suggestions, as he rightly says, are much less easy of implementation than they might appear at first glance. But the crux of Mr. Burns' contention is his genuine fear that, if the handloom industry fails to reach its target, and the demand for cloth by 1960 materialises as contemplated, there would develop an artificial scarcity with all its attendant evils, such as a ban on exports with the risk of India losing her hard-won export markets, and a sharp rise in the spending power for cloth and the other consumer goods as the Kanungo Committee itself envisages, but without being able to satisfy their needs. He, therefore, comes to the conclusion that, by not making cloth available, the authorities might actually come in the way of the real standard of living of the people being raised. In order to ensure that there is a ready supply of cloth Mr. Burns thinks that the mill industry must be provided an opportunity—and that at an early date—to play its part and increase its production of cloth.

A PERSONAL TRIBUTE

By

CROESUS

I HAVE come across several Europeans in the course of my work but seldom one like Mr. W. Jenkins, who left for Ireland just a few days ago after serving in India for a quarter of a century. An extremely amiable gentleman, Mr. Jenkins had that rare and refreshing sense of humour which helped him to maintain an equable temper even under the most trying circumstances. But he could be firm when the occasion demanded it without, at the same time, offending even those who violently differed from him. This was because, unlike most foreigners, Mr. Jenkins was always prepared to see and accommodate himself to the point of view of Indians, so long, of course, as it did not affect the prestige of his country and countrymen. I advisedly add this proviso lest anyone should impeach his loyalty as a British citizen.

Joining the well-known firm of Messrs. W. H. Brady & Co., Ltd. over 25 years ago, Mr. Jenkins spent the first few years of his in India in Kanpur where he has left behind a large circle of friends and admirers, besides a fund of goodwill for the firm he served.

But it was in Bombay that Mr. Jenkins rose to his full stature. There are few institutions of note and fewer good causes with which he and his accomplished wife were not associated in one capacity or other. Both of them must have felt a terrible wrench when they knew they were to leave this country. But, if it gives them any comfort to know it, the writer can confidently assure them that they carry with them the best wishes of everyone with whom they came in contact for a profitable stay and useful work and that in more familiar surroundings. What is Bombay's loss in this case is undoubtedly a gain for Ireland.

NICKEL IN THE FREE WORLD

GOVERNMENT stockpiling and defence requirements accounted for some 40 per cent of the total free world supply of nickel in 1954. With total free world supply at a record 390 million pounds, and less demand upon industry for defence production the supply of nickel for civilian applications was improved, even though complete satisfaction of all civilian requirements was not possible. Free world production capacity for nickel is expected to increase by 1958 to at least 450 million pounds. The increase in the International Nickel Company of Canada's annual productive capacity since the year prior to Korean war, was reported by Dr. John F. Thompson, Chairman of the Board of Directors to be over 40 million pounds. Its deliveries of nickel in all forms in 1954 set a record at 282 million pounds. While stockpiling is expected to continue there are indications that the scheduled intake for this purpose may be modified and that after defence requirements have been satisfied more nickel will be available this year for civilian applications than in 1954. Today, however, government stockpiling and defence requirements have, of necessity, weakened part of this important market by restricting the amounts of nickel available for civilian purposes. Many manufacturers fear that relief would be long delayed, and have been endeavouring to eliminate nickel in new design plans for their products. The consequences thus are likely to be detrimental to the security of the free world.

Reviewing the Company's policy of fair and equitable treatment to all customers in the distribution of its supply, a spokesman of the Company declared that the present enormous and abnormal requirements for defence and stockpile purposes make distribution a difficult task. The many small customers constitute an important and growing part of the consuming market, and are essential to a rounded and healthy industry. Not only do they provide special products and services but they hold out the prospect of introducing new developments in the uses of nickel and of becoming in time consumers of a larger portion of the world's nickel supply. International Nickel have been supplying nickel to the trade for nearly 70 years. The insufficiency of the limited supply for civilian purposes is a handicap to many consumers and is potentially harmful to long-range business, impairing the development and expansion of markets for nickel and weakening the nickel-consuming industries in the countries which constitute the markets.

The principal uses of nickel in 1954 were in the production of nickel alloy steels, including stainless steels, which accounted for 36 per cent of total consumption; malleable nickel and non-ferrous alloys, 30 per cent; electroplating, 16 per cent; high-temperature and electrical resistance alloys, 7 per cent; cast irons, 4 per cent, and catalysts and magnetic alloys, 1 per cent each. Miscellaneous applications accounted for the remaining 5 per cent. A fourteenth element will soon be added to the International Company's output during 1955. The first commercial shipment of International Nickel's high-grade iron ore pellets to the steel industry is expected to be made before the end of the current year. Construction of the $16 million pyrrhotite treatment plant, which will employ the atmospheric pressure ammonia leaching process to recover this iron ore, is proceeding on schedule. Other elements recovered from International Nickel's ores are: nickel, copper, platinum, palladium, rhodium, ruthenium, iridium, gold, silver, cobalt, selenium, tellurium, and sulphur in the form of sulphur dioxide and sulphuric acid.

During the last five years an attempt has been made to increase and maintain International Nickel's production at the highest possible level. The task of developing new markets, like the task of increasing the supply of nickel, is not something which can be done overnight and requires sustained activity over a period of years. Fortunately this market development activity does not in any way impede production of larger amounts of nickel. This programme for future selling is based on many years of continuous work in the surveying of markets, the development of technical information and the strengthening of channels of distribution. It is becoming increasingly recognized by customers that the supply of nickel is accompanied by commercial and technical information which makes the path of the consumer easier and more profitable. Knowing that no metal is commercially valuable unless it can be brought at some readily accessible point of distribution in forms in which it is to be used, International Nickel has built up in more than 45 years a world-wide network of distributors and information centres which render wider and more efficient services

than any other metal company. Sound ore reserves, large and efficient production, skilled and experienced distribution supported by ample research and technical services in the future as in the past, are making available for consumption one of the great metal resources of Canada and of the world. The year 1954 has been most successful one and the prospects for the current year are encouraging. The present demand for nickel and its extreme usefulness in many applications augurs well for the future of the industry.

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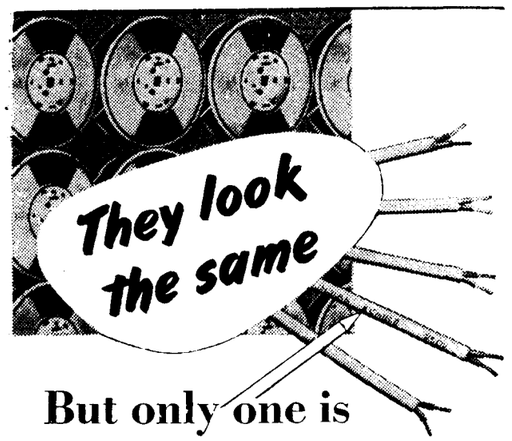
NOTICE

The 22nd Ordinary General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Dalmianagar on Wednesday, the 18th May, 1955, at 3 P.M. to receive and adopt the Directors' Report and Audited Accounts for the year ended 31st October, 1954, to declare dividends at Rs. 9 per Preference, Rs. 4-4 per "B" Preference and Rs. 1-8 per Ordinary Share (15 per cent on Ordinary Shares) free of Income-Tax, to elect Directors and to appoint Auditors.

Share Transfer books of the Company will remain closed from 11th May to 18th May, 1955 both days inclusive.

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BUSINESS NOTES

SUGAR DEVELOPMENT COUNCIL

IMPORTANT ASPECTS of the sugar industry and cane growing came up for discussion at this week's meeting in New Delhi of the Development Council for sugar industry. Attention was naturally focussed on the question of augmenting sugar production within the country in view of the Food and Agriculture Minister's declared intention to stop the import of sugar after a period of three years from now. Our consumption of sugar has been in excess of our production which has varied between 1.0 million tons and 1.5 million tons, against the current consumption of 1.8 million tons. Consistent with the increased production target of 22.5 lakh tons of white sugar recommended by the Development Council to the Planning Commission, there is obviously the need for raising the installed capacity of the industry from 20 lakh tons to 25 lakh tons. Several methods have been suggested to achieve this object, namely, expansion of existing factories, installation of new units, establishment of raw sugar refineries, and shifting of factories unsuitably located or lying idle due to inadequate cane supply.

Mr. A. P. Jain stated that the Government of India had worked out an integrated scheme for the establishment of new factories, expansion of existing factories, wherever possible, shifting of ill-located units to better situations, and setting up of a few refineries. Not much difficulty may be expected in the matter of setting up new factories or effecting expansion of existing ones, but shifting of the bulk of units not ideally situated—which number 20, apart from 16 units lying idle—is bound to present considerable difficulties. The situation has developed over long years and one has to accept it as it is. Perhaps, it would not be found economically prudent to remove more than a few from their existing sites.

The Food Minister recently said that, in preference to refined sugar, it would be more profitable for India to import raw sugar and refine it in the country. Vigorously contesting this view, spokesmen of India's sugar industry affirm that the setting up of refineries—called "sugar laundries"—will perpetuate imports in the form of raw sugar and to that extent reduce the demand for cane as well as gur. The question has, therefore, to be viewed not in the light of either the present short-term production difficulties or technical inefficiency, but from the standpoint of the considerable changes, which all our schemes for improvement in cane cultivation and creation of a number of additional factories, to consume the increased production—which will result from it—will bring about when they are fully implemented. It might prove wiser to spend a little more in foreign exchange for temporary imports of sugar than to burden the country permanently with refineries. Even if it be found necessary, as a temporary measure, to import raw sugar and refine it during the interval between now and self-sufficiency, the work of refining could be undertaken by the existing factories during their off-season. So far only about 15 factories out of about 150 have undertaken this work. The Development Council has, therefore, done well in expressing itself against the setting up of refineries to cover up the additional capacity fixed for the second Plan.

RAW SILK SUPPLIES

IT HAS become a hardy annual for some years past for the silk trade to ventilate its acute grievance against the official restrictive policy in respect of imports of raw silk. No presidential address at the yearly session of the Silk Merchants' Association ignores expression of the trade's strong feeling of dissatisfaction in this behalf and last Monday's speech of Mr. B. M. Chinai could not be an exception. While the trade seems to have been treated to an exercise in perseverance, it is high time its complaint was investigated without bias for any interests.

The facts of this issue are not difficult to analyse. A severely restrictive policy has been enforced in regard to the import of raw silk and the grudging relaxation introduced in the second half of 1952 has not been of much help except to provide marginal relief. Under this relaxation, the quantity permitted to be imported is limited to a basis of a 10 per cent quota of the selected base period. But while most other import restrictions have been liberalised on a large scale or withdrawn, raw silk continues to be subject to restraint. In effect, the indigenous sericulture industry receives an added measure of protection against foreign competition. Neither the trade nor the industrial users have any lack of sympathy for the cause of the country's sericulture industry. But their contention remains unanswered. A heavy protective duty has not sufficed to provide incentives to this industry to achieve productive improvement and efficiency. This is an unhappy conclusion emerging from the experience of protection over twenty years. In this context, there is the disinterested verdict of the Tariff Commission in the course of its last year's enquiry to the effect that no perceptible improvement has been achieved in the quality of filature silk since the previous extension of protection granted in 1951. On the score of quantity, quality and cost, the domestic handloom and jari weaving industry has continued to be the major sufferer as a result of this policy. Now that the justification offered by the foreign exchange position for import restriction does not subsist, this harmful and vexatious limitation should be relaxed. It may spur the sericulture industry to undertake rationalisation.

POLICY FOR OIL AND CAKE EXPORT

THE LIBERALISATION of export policy in respect of different oils, in varying degrees from free licensing to fixation of quotas, accompanied by reduction in or total abolition of export duties, which was adopted last year, is found now to be inadequate to provide the necessary stimulus to the restoration of India's export trade. This is due to the increasing impact of the buyer's market. The directions in which progressive liberalisation of export policy should be made have been indicated by Rai Bahadur G. V. Swaika in his presidential speech at the recent annual session of the Calcutta Grain, Oilseed and Rice Association. There is need for a fresh examination of the extent to which the remaining export duties can be abolished or reduced drastically and of removing to the maximum extent quantitative restrictions. Policy for oilcake export should be formulated as an integral part of the overall policy for oils. The Association pleads for a long-term export policy, but if its demand for changing the policy period to the crop year in respect of oils is accepted it is sure to set in motion a chain of similar demands for other commodities. The resulting confusion will make integrated policy extremely difficult to formulate.

The Association's Chairman has laid great stress on the inability of the Indian export trade to make a headway in the overseas market for linseed oil despite its free licensing and total withdrawal of export duty. Indian linseed oil prices offered in the foreign markets are not competitive and in particular competition from Argentina and Uruguay is difficult to face. He attributes the superior position of these two countries to the benefit they derive from exports of oilcakes along with linseed oil. Linseed oilcake is now selling at a higher price abroad (the ratio of linseed oil price to cake price having changed from 5 : 1 to 3 : 2) and the

two competitors are in a position to undercut oil prices on the strength of the compensating advantage of improved cake price. The Indian Government has permitted a restricted quota of export of oilcakes, which, however, is too inadequate. The trade estimates the increase in the production of linseed oilcake to be 100 per cent of the pre-war output and places it at 2 lakh tons. In view of this larger output and production of chemical fertilizers, further liberalisation of oilcake export seems practicable. The Association has made a tentative proposal for an export quota of 50,000 tons of oilcakes including those from linseed. Its suggestions merit consideration.

HYDERABAD STATE FINANCIAL CORPORATION

THE HYDERABAD State Financial Corporation's first annual report for the year 1954-55 discloses the promising start made by the Corporation in providing long-term accommodation to local industrial concerns. The total number of applications received as on 31st March, 1955, was 38 asking for aggregate loans of Rs. 95,15,500 out of which 7 applications for loans amounting to Rs. 22,32,500 are pending consideration, 11 applications involving loan requests for Rs. 21,35,000 have been rejected, while the number of aplications in respect of which loans have been sanctioned is 20 in the case of which sanction for loans was accorded to the extent of Rs. 38,56,000 as against requests for Rs. 51,48,000.

The loans sanctioned in excess of Rs. 1 lakh for different categories of industries were: Oilseeds crushing (3 applicants) Rs. 17,60,000; tobacco and cigarette manufacturing (1 applicant) Rs. 5,50,000; light engineering (7 applicants) Rs. 4,36,000; laminated products (1 applicant) Rs. 4,30,000; chemicals (1 applicant) Rs. 2,50,000 and bobbins-textiles (1 applicant) Rs. 2,00,000. To this total amount of sanctions of the order of Rs. 38,50,000 should be added, the Corporation's undertaking to subscribe Rs. 10,00,000 to the first mortgage debentures of a cotton mill carrying interest at 7 per cent. Actual disbursements were Rs. 7,00,000 for the debentures and Rs. 19,64,187-8-6 towards sanctioned loans. The gap between loan sanctions and actual disbursements is explained, as in the case of other industrial financial corporations, by the time-lag between loan sanctions and maturity of applicants' commitments as well as by their anxiety to reduce liability for interest charges. In a few cases payment was withheld on account of defects in borrowers' title to mortgaged properties, which were discovered subsequently but could be cured in reasonable time. All in all, the Corporation is pursuing a sound lending policy without lapsing into the error of over-cautiousness and conservatism which are bound to undermine the utility of industrial credit institutions of this type.

Deducting the expenses of administration and other charges, the Corporation's net profit for the period under report, subject to provision for payment of taxation, amounted to Rs. 1,90,673-3-1. Out of this amount Rs. 54,800 are proposed to be set apart for tax payments and Rs. 15,000 for appropriation to the statutory reserve fund. Thus a balance of Rs. 1,20,873-3-1 is left which falls short by Rs. 1,99,960-2-3 to make up the amount of Rs. 3,20,833-5-4 representing the amount of the guaranteed dividend on the subscribed share capital. The State Government is being called upon to make good this shortfall. The problem of securing exemption for State Financial Corporations from the payment of income-tax and corporation tax was taken up at the conference of their representatives at Bombay under the chairmanship of the Governor of the Reserve Bank and the issue awaits further active prosecution.

A YEAR OF PROGRESS FOR DUNLOP

ONE OF the significant aspects of the progress of the rubber manufacturing industry during 1954, illustrated by the premier unit, Dunlop Rubber Company (India) Ltd., was the rise in sales. As compared to 1953, Dunlop's sales in 1954 were 13 per cent higher in physical terms. The consumption of crude rubber last year was the highest in the history of the company since its inception in this country in 1936. The upward trend in rubber manufacture necessitated, for the country as a whole, consumption of imported rubber of the order of 4,000 tons and in the current year this rate is expected to be stepped up by 25 per cent. In these rapid strides of the industry, there is a clear signal for the indigenous plantation industry to launch a sustained programme of expansion of raw rubber production. The increase in rubber manufacture is in no sense seasonal. It is only the beginning of a new phase of continuous expansion which is implicit in the pronounced accent on industrial development.

A vital factor in Dunlop's confidence about an optimistic future is the Company's ceaseless contact with the research and its incorporation in its production techniques. Besides the introduction of the tubeless car tyre, which Mr. Cecil Stack describes in his last annual presidential speech as the outstanding achievement of the year, the mentionable features of sales included increasing popularity of the Trakmaster tyre and introduction of high-pressure braided hoses. The rising demand for pneumatic tyres for animal-drawn vehicles indicates a happy development for road transport. The increase in the Company's net profit amounted to Rs. 96.38 lakhs in 1954 as against Rs. 92.88 lakhs in 1953. This financial improvement was recorded in spite of the reduction offered in the selling prices of products. All in all, this was a year of satisfactory operations for Dunlop, the only bottlenecks being the difficulties of cargo clearance at Calcutta Port and shortages of railway wagons.

INDUSTRIAL EXPANSION IN MADRAS

THE PROBLEM of forcing the pace of the development of industry at all levels—large-scale, medium and small—in Madras State has relegated to the back place the controversy over the relative weights to be assigned to the public and private sectors in the industrial expansion programme of the State in the second Five-Year Plan. The State Government has in fact called upon the business community to offer its own proposals for industrial projects. Mr. M. A. Chidambaram, President of the Southern India Chamber of Commerce, Madras, has not chosen to indicate the main lines on which private enterprise in the State should contribute its massive share to the development of industry, perhaps because he feels that elaborate blueprints for individual schemes, drawn up in objective details, would be of direct assistance to the Government.

The outlook, however, has not precluded him from offering specific suggestions regarding certain projects which need to be given priority in the public sector. In the course of his presidential address before the last annual session of the Chamber, he has argued the equity and urgency of setting up certain Government enterprises in Madras State in the next Plan. In the last resort, their choice is vindicated on the ground of regionalisation in the distribution of industry. The specific instances recommended for priority need fuller scrutiny. The proposal for locating the second shipyard in the State makes a tacit assumption that it is imperative to include it in the next Plan. The Visakhapatanam yard has had a slow rate of expansion and it is premature to think in terms of production for export. Within the adjacent region itself, Japan has considerable shipbuilding potential. Until the precise shape of the lignite project is determined by the Government of India, the investigation of the feasibility of related projects like a steel plant will have to be deferred. Mr. Chidambaram has mentioned other illustrative cases of projects in the public sector, among which he includes production and distribution of gas and manufacture of dyes and colours for which there is a large local market but no flow of private investment.

COMMODITY NEWS AND NOTES

PROBLEMS OF SUGARCANE DEVELOPMENT

Sugar has been in the forefront of commodity news this week. The 19th meeting of the Indian Central Sugarcane Committee was inaugurated by the Union Minister for Food and Agriculture in New Delhi. This was followed by the Agriculture Minister, Dr. Punjabrao Deshmukh's address to the Committee which was presided over by Mr. P. A. Gopalakrishnan, Joint Secretary in the Food Ministry. Mr. Ajit Prasad Jain said that the sugarcane industry in India was an "outstanding example of what State protection and assistance could do for the development of an industry." While he did not deny due share of credit to the cane-grower and the mill-owner for the development of the sugar industry, yet he doubted if the sugar industry in the country would have made the progress which it had done but for the protection afforded to it.

Mr. Jain did not, however, feel enough justification for complacency about the sugar situation. For, as he admitted, even today, allowing for the taxes, the price of Indian sugar is more than that of imported sugar. The British refineries import raw sugar from Cuba and, after refining it, supply to this country crystal sugar at a comparatively lower rate than is done by Indian factories. Mr. Jain's statement that Government had worked out an integrated scheme for ensuring maximum output of sugar within the country will be welcomed by the consumer. The scheme comprises establishment of new factories, expansion of existing factories, wherever possible, shifting of ill-located units and setting up "a few refineries". The industry will not view with favour the Government's decision to stick to "certain commitments" it has made in respect of refineries. As regards the price of sugar-cane which has given rise to perpetual controversy between mills and growers, the Minister announced the Government's decision to refer the question to a Committee of Experts.

Dr. Punjabrao Deshmukh emphasised the need for adequate attention being paid to extension of the campaign for increasing the per acre yield of sugar cane, besides evolving better varieties and preventing pests, diseases and other calamities that affect cane cultivation. He referred to the remarkable success achieved by "top dressing" of the crop in U.P., Bihar and Punjab. The Committee, presided over by Mr. Gopalakrishnan, decided upon the basis of financing the various essential items of cane development work during the second Five-Year Plan, and appointed an ad hoc committee to prepare a draft plan for bringing the maximum acreage under cane cultivation and stepping up the average yield of the crop substantially.

PRODUCTION OF ALKALIS

Considering the fact that the growth of many industries is dependent on the development of the alkalis industry, there is imperative need for lowering the costs of production of alkalis so that they could be made available to industries at the lowest possible prices. Inaugurating the Development Council for Heavy Chemicals (Alkalis) in New Delhi, on April 22, Mr. Nityanand Kanungo, Deputy Minister for Commerce and Industry, pointed out that the targets which might be fixed under the second Five-Year Plan for industries, like soap, rayon, dye-stuffs, aluminium, textiles, matches, sugar and plastics, would become practical only if there was a corresponding increase in the production of basic alkalis.

Indicating the recent development in this field, Mr. Kanungo said that three new factories for the manufacture of soda ash, with a total capacity of 520 tons per day, had been licensed and were expected to be set up soon. The two existing units had already expanded the capacity so that even at present the daily capacity stood at 260 tons.

FINAL PULSES ESTIMATE

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 1954-55 puts the current year's area and production at 14,935,000 acres and 1,497,000 tons, as against the partially revised estimate of 15,192,000 acres and 1,543,000 tons for last year. This shows a decrease of 257,000 acres or 1.7 per cent in area and 46,000 tons, or 3.0 per cent in production over last.

The decrease in area and production has occurred mainly in Bihar, Hyderabad and Rajasthan and has been attributed to unfavourable climatic conditions both at the sowing and growing time of the crop. 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 pulses.

FORWARD TRADING IN TURMERIC

Following the issue of the notification by the Government of India, in the 'Gazette of India Extraordinary" dated Janlary 25, 1955, applying, with immediate effect, Section 17 of the Forward Contracts (Regulation) Act 1952, to spices to the whole of India, excepting the State of Travancore-Cochin, the Forward Markets Commission have now decided to invite applications from associations concerned with the regulation and control of forward contracts in turmeric for the purpose of recognition under the Forward Contracts (Regulation) Act 1952. Such associations may submit their applications to the Secretary, Forward Markets Commission, Shahibag House, Ballard Estate, Bombay, before May 20. Prescribed forms of application can be had from the Manager of Publications, Delhi, or from the Secretary, Forward Markets Commission, Bombay.

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 the 16th June, 1955 to the 30th June, 1955 (both days inclusive).

V. R. SONALKER
Managing Director

Dated 25th April, 1955.

COMPANY AFFAIRS

ORIENT PAPER MILLS

The Directors' report and the working results of the Orient Paper Mills, Limited (Managing Agents: Messrs Birla Brothers Ltd.) for the half-year ended September 30, 1954 show satisfactory results. The profits of the company, for the six months under review, at Rs. 25.02 lakhs (after providing for depreciation and taxation) were slightly lower than those of the previous six months, but were higher than the corresponding period of the last year. The sales of the company declined from Rs. 178.83 lakhs during the previous six months to Rs. 162.51 lakhs during the period under review.

The production was somewhat adversely affected due to shortage of water, which problem is being solved by installing a plant to recover a part of the used water. Orders have been placed for two new machines to manufacture paper of lighter substances, and also for auxiliary pulp and paper equipment. Satisfactory expansion and modernization is being carried out and the new machinery is expected to cause round about 50 per cent increase in productive capacity.

A sum of Rs. 18 lakhs has been separated out as a provision for taxation and Rs. 6 lakhs for depreciation. Rs. 16 lakhs were provided for repairs and renewals against Rs. 20 lakhs during the previous six months. A dividend at the rate of 10 per cent per annum was paid against 8¾ per cent per annum during the previous six months. A sum of Rs. 2.48 lakhs was carried forward against Rs. 2.57 lakhs during the six months ending March 31, 1954. The following statement is given for a comparative study of the accounts of the Company for the last three reports:

(In Rs. lakhs)

Half-Year Ended	Sept. 1953	March 1954	Sept. 1954
Sales	154.22	178.83	162.51
Stock-in-trade and Store	24.52	30.72	23.66
Depreciation	5.00	6.00	6.00
Net Profit*	21.40	28.05	25.02
Provision for taxation	16.00	26.00	18.00
Repairs and renewals	..	20.00	16.00
Dividend on Ordinary Shares (rate per cent per annum)	20	8¾	10
Carried forward	2.71	2.57	2.48

* After providing for depreciation and taxation.

SWAN MILLS

The audited accounts of the Swan Mills, Limited for the year ended December 31, 1954, show satisfactory results. The sales of cloth, yarn, etc., increased by 34.6 per cent from Rs. 233.73 lakhs in 1953 to Rs. 314.58 lakhs in the year under review. Stocks declined to Rs. 38.46 lakhs against Rs. 49.18 lakhs last year. The Company almost maintained last year's level of profits, a fact which seems fairly creditable in view of the lowering prices. Net profits (subject to taxation and depreciation) stand at Rs. 22.34 lakhs compared to Rs. 23.74 lakhs in 1953.

The cost of cotton at Rs. 207.30 lakhs was quite above the previous year's figure of Rs. 119.85 lakhs. The bill for salaries and wages was higher at Rs. 52.59 lakhs against Rs. 43.59 lakhs in 1953; this rise had partly been caused by increase in dearness allowance as per award of the Labour Appellate Tribunal. Provision for taxation is lower at Rs. 4.00 lakhs against Rs. 8.50 lakhs last year and provision for depreciation more than doubled from last year's Rs. 5.51 lakhs to Rs. 11.29 lakhs. The company has not provided for any Reserve Fund, against last year's Rs. 2.50 lakhs. A sum of Rs. 2.00 lakhs was, however, separated out as a Rehabilitation and Development Fund. The rate of dividend has remained at last year's level of 20 per cent per annum. A sum of Rs. 3.60 lakhs has been carried forward against Rs. 5.75 lakhs carried forward last year.

A statement showing the results of the Company for the last three years is given below for comparison.

(In Rs. lakhs)

Year Ended December 31	1952	1953	1954
Sales	303.62	233.73	314.58
Stocks	42.63	49.18	38.46
Cost of Cotton	121.38	119.86	207.30
Cost of Stores and Chemicals	9.81	11.49	11.26
Dyeing, Bleaching and Mercerising Charges	7.94	8.81	12.74
Salaries and Wages	37.56	43.59	52.59
Net Profit*	37.62	23.74	22.34
Provision for Taxation	16.00	8.50	4.00
Provision for Depreciation	3.83	5.51	11.29
Reserve Fund	7.50	2.50	..
Dividend Rate (rate per cent per annum)	30	20	20
Carried forward	5.71	5.75	3.60

* Subject to Provision for depreciation and taxation.

THE TATA MILLS

The working results of the Tata Mills Limited (Managing Agents: Tata Industries Limited) for the year ended December 31, 1954, show satisfactory results. The sales of the company increased by above 14 per cent from Rs. 292.36 lakhs to Rs. 334.07 lakhs in the year under review. Stocks have declined to Rs. 54.25 lakhs at the end of this year against Rs. 79.64 lakhs at the end of 1953. A sum of Rs. 117.64 lakhs was spent on the purchase of cotton, art silk, etc., against Rs. 140.61 lakhs last year. Similarly, a slightly lower amount of Rs. 27.76 lakhs was spent on the purchase of stores against Rs. 28.81 lakhs last year. The profit is lower at Rs. 3.40 lakhs (after providing for depreciation) against Rs. 4.12 lakhs last year. This decrease has been caused by lower sale prices and higher prices paid for the purchase of foreign cotton.

A Depreciation fund of Rs. 5.75 lakhs has been provided this year against Rs. 5.00 lakhs last year. A sum of Rs. 3.00 lakhs has been transfered to Dividend Reserve Account and a Divident at the rate of 10 per cent has been recommended to be paid on ordinary shares.

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Company Meeting

THE DUNLOP RUBBER CO. (INDIA) LTD.

Mr. Cecil Stack's Review

The 29th Annual General Meeting of The Dunlop Rub ber Co. (India) Ltd. was held on the 25th April in Calcutta. Mr. Cecil Stack, Managing Director, said:

Gentlemen,

The Directors' Report and Accounts for the year 1954 have been in your hands for some time, and with your permission I will take them as read.

I should like to preface my remarks this year by referring to a change in our Board of Directors. Sir Satyendra Nath Roy, who has been a Director since 1948, resigned his seat on the Board for reasons of ill health. His wide knowledge, experience and astute judgment have been of great help to us and I would like to express our sincere appreciation of the valuable service he has rendered to the Company, also the hope that it will not be long before he will be well again.

THE YEAR'S TRADING

The year under review has generally been a satisfactory one. The volume of sales of all our products was higher compared with the previous year. In terms of production and using our principal raw material, crude rubber, as the basis, we exceeded 1953 by 18 per cent. On the other hand, total sales in value increased only 9 per cent. This difference is largely explained by the reduction made last year in our selling prices of tyres for passenger cars, trucks and buses, motor cycles, cycles and animal drawn vehicles.

Our consumption of crude rubber in 1954 was the highest since our factory commenced production in 1936 and this is indicative of the progress made by the Rubber Manufacturing Industry as a whole, which in my opinion can be regarded as evidence of the sound manner in which the Industry has been allowed to develop. The increasing expansion of India's economy, the implementation of the Five-Year Plan and the emphasis to be placed on Industry in the second Five-Year Plan all help to accentuate the growing importance of our own particular Industry. The development of mechanisation in agriculture as well as the expansion of Industry as a whole will make demands which rubber manufacturers will only be able to meet by expanding their output and by producing a wider range of articles.

With the exception of Cycle, there was no overall shortage of tyre stocks throughout the year under review but difficulties associated with the distribution of our products continued to be experienced as the result of transport bottlenecks and inadequate availability of Railway wagons.

The net profit for the year was Rs. 96,37,915 compared with Rs. 92,88,299 for 1953 but because of the selling price reductions already referred to, the ratio to turnover has declined in 1954 from 7.4 per cent to 7 per cent before taxation and from 4.6 per cent to 4.3 per cent after taxation.

PRODUCTS

Our Technical staff work in close contact with the worldwide Group research establishments of the Dunlop Rubber Co., Ltd., the benefits of which are fully available to your Company. In this way we are able to keep abreast of all new developments such as the tubeless car tyre, the introduction of which during the year was an outstanding achievement. This tyre is the most important development since the advent of balloon tyres in 1922. It provides added protection against punctures and bursts. It also retains the air much better than the conventional tyre, thus maintaining a more constant air pressure and so reducing tyre wear. With all its advantages it costs no more than a conventional cover and tube of the same size.

In the truck and bus range our Trakmaster tyre, introduced only the year before, became so popular that it proved impossible to meet the demand. More equipment is now in use which will help to remedy the situation.

Our sales of pneumatic tyre equipment for animal drawn vehicles were well in excess of any previous year; likewise our sales of tractor and aero tyres. In addition, the continued rapid expansion of India's bicycle manufacturing industry helped us to break the record set the year before in our production and sales of cycle tyres and rims.

In line with tyres, sales of all our other products advanced substantially. The intensity of our sales efforts, supported by sustained publicity, has popularised Dunlopillo Latex Foam Cushioning throughout the country.

The remarkable progress made in our Industrial Transmission Belting business in the previous year continued throughout 1954, and our Conveyor Belting, the manufacture of which only commenced in 1953, is already being used on the major hydro-electric projects as well as in mines, power stations, steel works and numerous factories where the inexpensive handling of large quantities of materials is vitally necessary. Our Industrial Vee Belts and Fan Belts also continue to sell in increasing quantities and as the result, we were able to reduce our selling prices.

During the year we commenced the manufacture of pneumatic tool, welding and high pressure Braided Hoses by the lead press moulded process. This type of hose in long lengths had not formerly been made in India and I am glad to say that our hoses are already proving popular wherever there is a demand for them.

This overall expansion of our manufacturing activities contributed in no small measure to the fact that in 1954 rubber manufacturers consumed approximately 4,000 tons of rubber more than India produced. That the deficit this year is expected to be over 5,000 tons should encourage the Rubber Planting Industry in South India to make serious efforts to increase their production.

RAW MATERIALS

The raw materials supply position was satisfactory throughout 1954, but delays in the clearance of shipments through the Calcutta Port due to labour troubles caused anxiety at certain times. There were no significant changes in prices except of crude rubber of which we were allowed to import part of our requirements because indigenous supplies were insufficient. Prices ranged between Rs. 84 and Rs. 150 per 100 lbs. as com-

pared with the controlled price for local rubber of Rs. 133.

PROFIT AND LOSS ACCOUNT

As I have indicated earlier, the net profit for the year was Rs. 96,37,915, and after deducting the charge for taxation the balance of profit available for disposal is Rs. 69,45,891 compared with Rs. 62,39,833 for 1953. The Directors are recommending the same rate of Ordinary Dividend as for 1953, that is 15 per cent, which will absorb Rs. 24 lakhs. The Directors also recommend the transfer of Rs. 30 lakhs to General Reserve as against Rs. 24 lakhs last year. This will increase General Reserve to Rs. 1 crore 68 lakhs as shown in the Balance Sheet. The total amount transferred to Reserve during the last ten years was Rs. 2 crores 45½ lakhs. These appropriations represent shareholders' profits retained and fully employed in the business. I would like to stress here the great need for such conservation of the financial resources of the Company. In addition to the funds required for development and expansion schemes the Company is continually striving to improve the standard of living conditions for its factory employees by providing more residential, hospital, educational and other welfare facilities. During the last ten years the Company has spent over Rs. 80 lakhs on buildings for this purpose and very considerable additional expenditure, depending on the continuing prospects of the Company, is planned for the next three years. The Company's housing estate at present accommodates just over 3,700 persons representing employees and their families, and this number will continue to rise over the next 3 or 4 years if, as we hope, the resources are available to complete our plans.

BALANCE SHEET

The additions to Fixed Assets during the year amounted to Rs. 30 lakhs, consisting mostly of plant for expansion and rehabilitation. The amount of depreciation written off in 1954 was Rs. 30,20,000 as against Rs. 27,73,000 in 1953.

Stock Inventories at Rs. 3,95,81,000 are Rs. 33,22,000 higher than at the close of the previous year. This was due mainly to increased production, raw material prices having remained fairly stable throughout the year. Sundry Debtors are up by Rs. 41,40,000 as a result of the greater sales turnover. Bank and Current Balances are also higher than last year, making the total increase in Current Assets Rs. 80,15,000. The net working capital increased by approximately Rs. 68 lakhs during the year, which is partially reflected in the closing bank overdraft of Rs. 128 lakhs compared with Rs. 83 lakhs at the end of 1953.

EMPLOYEE RELATIONS

During the past year we have striven further to extend and improve our social amenities for employees. The 64 new staff flats constructed in 1953 were all allocated and occupied in 1954, the building of new quarters for the Watch and Ward staff was commenced, as well as additions to the existing facilities for sport, and the survey work was put in hand for the construction of a further 100 married operatives' quarters. Thus we endeavour to maintain our high reputation for working conditions and general labour relations, which have remained consistently good throughout the year. Staff and operatives have continued to exert their best endeavours and have contributed greatly towards the successful outcome of the year's activities. I am sure you will wish to join with the Directors in expressing warm thanks for their loyal and faithful service.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	109.6	87.4	95.7
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
June 1954 ..	343.2	441.0	355.6	378.7	647.3	381.6	90.8	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.9	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	101.7	87.4	115.4
Week Ending										
12-3-1955	297.3	418.7	334.3	377.0*	556.5	355.1*	90.6	100.7	87.3	115.9
19-3-1955 ..	296.5	406.3	332.1	376.1	554.9	352.3	90.6	100.6	87.2	115.8
26-3-1955 ..	293.0	400.1	332.0	374.5	545.6	349.3	90.6	100.6	87.4	115.8
2-4-1955 ..	295.3	403.4	329.5*	376.1*	546.7	350.6*	90.6	100.6	87.5	115.6
9-4-1955 ..	286.4	399.1	326.9	376.1	543.0	346.1*	90.5	100.6	87.3	115.8

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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	138	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	128	337	144	135	134
1955 January	335	352	210	132	324	372	—	—	333	141	—	—
February	328	345	207	128	310	384	—	—	326	—	—	—
March	—	—	—	127	—	—	—	—	321	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	23-4-1955			16-4-1955			9-4-1955			2-4-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	97- 5	96- 2	96- 9	96-14	95- 1	95 14	94-13	93- 3	94- 2	94- 1	92-15	93- 5
Silver (per 100 fine tolas)	169- 1	166- 5	167- 9	167- 0	165- 2	166- 6	166- 8	165- 6	166- 1	168- 2	165- 8	166-10

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	86,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75·43	42,96	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	488,30	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,02	52·89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54·80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56·47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55·41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55·78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55·88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57·13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56·33	104,27	435,14	1,226,57
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56·17	103,47	445,21	1,251,8-
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54·41	101,74	485,44	1,287,8?
Week Ending										
11-3-1955	1,281,19	10,73	1,291,92	40,02	678,15	718,17	55·59	101,11	472,64	1,291,93
18-3-1955	1,277,18	15,28	1,292,45	40,02	643,47	683,39	52·88	101,64	507,43	1,292,45
25-3-1955	1,277,09	15,92	1,293,02	40,02	646,85	686,87	53·12	102,20	503 95	1,293,02
1-4-1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51·20	102,09	533,75	1,302,84
8-4-1955	1,322.77	8,42	1,331,19	40,02	651,98	692 00	51·98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52·35	105,33	533,75	1,341,07

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,88
1953-54*	105,44	23,40	46,52	57.45	232.80	23,91	266,72	23.22	9,46	123,31	1,78	19.84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17.94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	198,89	15,19	3.44	74,08	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	68,78	1,68	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
11-3-1955	55.22	18.51	48,47	21,68	143,88	28,58	182,46	10,94	7,90	52,73†	1,20	37,44	51,36	20,89
18-3-1955	67,95	53,42	47,72	22,08	191,17	30,00	231,17	15,52	8,71	88,77†	95	55,32	50,17	21 16
25-3-1955	59,45	60,27	47,72	21,53	188,97	29,86	228,83	16,22	10,37	83,15†	45	47,87	49,38	21,39
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10.63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32 01	196.45	8,59	12,33	73,96†	1,19	30,95	47.23	22,21
15 4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33,94	46,12	22,36

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

H—INSTALLED CAPACITY AND PRODUCTION OF CHEMICAL INDUSTRIES 1953 AND 1954

Name of the Industry	Accounting Units	1953 No. of Units	1953 Installed Capacity (Annual)	1953 Actual Production	1954 No. of Units	1954 Installed Capacity (Annual)	1954 Actual Production
1. Alkyd resins	Tons	5	..	316	5	..	500
2. Aluminium paste/powder	,,	1	500	56	1	500	117
3. Alum	,,	15	7,000	5,065	15	12,000	3,600*
4. Aluminium Sulphate alumina ferric and Iron free aluminium sulphate)	,,	27	30,000	22,805	21	34,700	25,600*
5. Ammonium sulphate	,,	8	432,000	319,616	8	426,890	340,222
6. Asbestos cement sheets	,,	5	117,000	75,673	6	141,000	77,814
7. Battery separators	Mill Nos.	3	20	3.9	3	20	8.5
8. Bichromates	Tons	9	5,900	2,510	9	5,916	3,239
9. Biscuits	,,	129	35,700	11,068	129	35,700	10,086
10. Breakfast food products corn and wheat flakes	,,	2	1,500	38	2	1,500	59.25
Processed and rolled oats	,,	1	1,350	22	1	1,350	42
Processed and Pearl barley	,,	8	4,800	1,008	8	4,800	649.06
11. Bleaching powder	,,	3	7,800	1,942	3	7,800	2,926
12. Calcium carbide	,,	2	2,000	Nil	3	5,000	398
13. Calcium chloride	,,	3	2,643	649	3	2,650	401
14. Caustic soda	,,	12	39,680	22,909	12	44,660	29,307
15. Cement	,,	24	4,243,000	3,730,324	25	4,443,000	4,393,145
16. Chocolate and cocoa powder	,,	2	1,050	234 chocolate 141 Cocoa powder	2	1,050	211.25 chocolate 88.45 Coco powder
17. Chrome colours	,,	10		350	10	..	500*
18. Cigarettes	,,	20	2,026	17,952	17	2,020	19,628
19. Confectionery	Mill. Nos.	61	52,790	8,950	61	52,790	7,561
20. Copper sulphate	Tons	11	200	518	10	1,980	844
21. Cork products	Rs.	1	variable depending on the articles being manufactured but capable of manufacturing Rs. 3 lakhs worth of goods	2,78,000	1	variable depending on the articles being manufactured but capable of manufacturing Rs. 3 lakhs worth of goods	Not available
22. Crockery	Tons	42	16,694	10,282	42	16,892	10,009
23. Electrical porcelain	Pieces	6	4,928,240	29,53,928	6	4,928,240	2,964,737
24. Enamelware	Mill. Pieces	22	30	9.48	22	30	13.97
25. Face cream and snow	Lbs.	9	1,773,000	556,400	9	1,800,000	371,106
26. Face powder	,,	6	1,996,000	906,000	9	2,516,880	861,041
27. Ferrous sulphate	Tons	9	1,400	503	9	1,400	581
28. Flour milling	,,	57	1,464,000	423,746	57	1,464,000	422,223
29. Glass and glassware bottles	,,	84	112,625	40,746	86	116,225	47,841
30. Glass shells	Pieces	3	27,400,000	16,880,001	3	27,400,000	22,481,674
31. Glazed tiles	Dozs.	4	870,000	374,483	4	870,000	401,015
32. Glycerine— Crude	Tons	9	8,920	5,200	9	8,920	5,281
Refined	,,	7	5,150	2,509	7	5,150	2,388
33. Hydroquinone	,,	2	21	8.3	2	32.5	14
34. Laboratory glass	,,	12	5,142	1,320	12	5,142	1,508
35. Lampware	,,	81	41,183	12,400	81	41,183	12,664
36. Leather cloth	Mill. yds.	6	5.28	0.99	6	5.28	1.27
37. Linoleum	Yards	1	450,000	162,672	1	450,000	336,273
38. Liquid chlorine	Tons	7	17,444	8,131	7	18,352	9,782
39. Magnesium chloride	,,	3	13,000	6,156	3	22,000	6,593
40. Matches	Cases	147	706,000	617,823	138	706,000	529,060

Name of the Industry	Accounting Units	1953 No. of Units	1953 Installed Capacity (Annual)	1953 Actual Production	1954 No. of Units	1954 Installed Capacity (Annual)	1954 Actual Production
41. Miscellaneous glassware	Tons	28	5,553	963	28	5,553	2,449
42. Nitro cellulose lacquers	Gallons	7	400,000	204,000	7	400,000	262,000
43. Oil Milling	Tons	350	1,495,000	167,800	350	1,495,000	178,830
44. Paints	„	50	65,000	32,057	50	65,000	35,956
45. Pencils	Gross	11	597,000	190,803	11	597,000	279,950
46. Phenol formalde-hyde moulding powder	Tons	3	300	374	3	300	472
47. Phenolic laminates	„	1	100	25	1	100	99
48. Plastic goods:		40					
Injection moulding			550 doz.	1.36	40	550 doz.	1.3
Compression moulding			10,200 tons	mill. gross		10,200 tons	
49. Plywood	Sq. ft.	70	7.99	49,791,750 (tea chest) 11,411,552 (commercial)	70	8.00 million	61,745,336 (tea chest) 13,417,529 (commercial)
50. Polyethylene sheets and layflat tubing	Tons	2	200	113	2	200	366
51. P. V. C. Plastic coated cables, wire and flexible	Mil. yds.	2	8.6	3.75	2	8.6	4.99
52. P.V.C. unsupported sheets	..	..	..	..	1	200,000 lbs (as powder consumption)	0.36 Mil. sq. yds.
53. Red lead	Tons	2	5,100	2,338	2	5,100	3,400*
54. Refractories	„	24	289,660	227,632	32	329,410	239,312
55. Sanitary ware	„	12	2,160	630	12	2,160	1,323
56. Sheet glass	Mill sq. ft.	3	75.6	22.7	4	100.6	33.11
57. Soap (organised)	Tons	66	209,000	82,200	66	209,000	88,000
58. Soda ash	„	2	54,000	56,870	2	90,000	48,293
59. Sodium Bicarbonate	„	2	4,620	2,035	2	4,620	2,057
60. Sodium Bisulphite	„	4	660	334	4	802	429
61. Sodium Sulphite	„	4	520	246	4	750	193
62. Sodium Thiosulphate	„	4	1,890	342	4	1,750	613
63. Stearic Acid	„	3	1,400	383	3	1,400	575
64. Stoneware							
(i) Pipes	„	13	72,216	33,031	13	72,216	38,262
(ii) Jars	„	30			30		
65. Sulphuric acid	Tons	43	189,000	109,091	44	197,225	150,000*
66. Super phosphate	„	14	200,000	46,294	14	210,870	105,656
67. Table and pressedware	„	75	42,766	17,617	75	42,766	22,054
68. Thermos flask	Dozs.	2	77,000	40,236	2	77,000	25,000
69. Titanium dioxide (Anatase)	Tons	1	1,800	Nil	1	1,300	1,370
70. Toilet powder	Lbs.	6	3,316,000	920,000	6	4,005,000	1,156,865
71. Tooth paste	„	8	3,616,000	1,581,000	8	3,231,840	1,589,896
72. Tooth powder	„	3	767,000	310,600	5	885,060	312,260
73. White lead	Tons	2	3,720	662	2	3,720	900
74. Zinc chloride	„	4	1,000	635	5	1,493	986
75. Zinc oxide	„	3	12,000	3,886	3	12,000	5,500*
76. Beer and Ale	Bulk Galls.	3	1,700,000	419,000	3	1,700,000	550,000
Coke Oven and Coal Tar Distillation Products—							
77. Benzene	Gall.	2	33,500	49,939	2	88,500	68,799
78. Benzol	„	4	1,889,000	1,330,983	4	1,889,000	1,246,560
79. Crude Coal Tar	Tons	10	105,300	93,194	11	117,300	108,995
80. Light creosote	Gall.	5	..	200,560	5	..	432,727
81. Napthelene	Tons	5	1,032	588	5	1,030	671
82. Pitch	„	4	..	1,982	5	..	2,605
83. Road Tar	„	5	..	38,480	6	..	40,002
84. Solvent Naptha	Gall.	4	..	111,322	4	..	85,234
85. Toluene	„	3	309,500	272,123	3	309,500	148,810
Dye-Stuff:—							
86. Azo Dyes	Lbs.	2	2,060,000	577,470	2	2,060,000	1,633,684
87. Fast Colour Salts	„	2	380,000	134,146	5	606,000	354,300
88. Solubilised vats	„	1	48,000	64,137	3	196,209	124,347
89. Stabilised Azonics	„	6	500,000	196,200	6	800,000	465,000
90. Sulphur Black	„	1	1,000,000	599,748	2	2,000,000	1,000,000

Name of the Industry	Accounting Units	1953 No. of Units	1953 Installed Capacity (Annual)	1953 Actual Production	1954 No. of Units	1954 Installed capacity (Annual)	1954 Actual Production
Essential Oils Etc:—							
91. Geranium oil	Lbs.	2	15,480	930	1	3,600	Nil
92. Orange oil	„	2	13,500	100	4	15,000	774
93. Rosin	Tons	3	10,080	8,433	3	12,200	8,600
94. Sandal wood oil	Lbs.	8	292,320	226,851	7	298,800	226,990
95. Thyme oil	Lbs.	1	16,800	1,120	1	16,800	1,500
96. Thymol crystal	„	1	16,800	889	1	16,800	1,260
97. Turpentine (organised units)	Gall.	3	528,000	418,648	3	735,000	408,000
Industrial Alcohol:—							
98. Den. Spirit	Mill. Bulk Gall.	42	No separate capacity	2.47	42	No separate capacity	2.83
99. Rect. Spirit	„	42	11.6	4.27	42	11.6	4.63
Antibiotics:—							
100. Aureomycin	Kg.	1	9,984	535	1	3,000	697
101. Chloromycetin	„	..	..	..	1	2,500	840
Chemotherapeoutics:—							
102. Anti-Leoprosy Diaphone and Novophone	Lbs.	1	6.000	1,849	2	6,150	2,727
B. Anti-Tuberculosis:—							
103. P.A.S. and its Salts	„	..	..	..	2	40,000	12,612
104. Isonicothinic Acid Hydrazide	„	2	9,120	1,607	3	9,180	1,558
C. Sulphadrugs:—							
105. Sulphaphyridine	„	1	165,000	8,665	1	165,000	19,153
106. Sulphadiazine	„	1	205,920	27,402	1	205,920	29,882
107. Sulphathiazole	Gall.	2					
D. Anti-Dysentry							
108. Diiodohydroxyquinoline Iodochlorohydroxyquinoline	Lbs.	11	370,920 50,000	38,790 9,088	2 17	370,920 50,000	55,398 13,147*
Anti-Syphilitics							
109. Sulpharsphenamine and Neoarsphenamine	Lbs.	2	..	..	2	175	54
110. Shark Liver Oil	Gall.	3	69,332	14,425	3	70,000	19,630
111. Galenicals	„	47	2,543,484	640,150	47	3,086,400	1,010,779*
112. **Insecticides**							
B.H.C.	Tons	1	500	154	1	500	434
113. **Liver Extracts**							
Injections	c.c.	21	51,360,000	10,130,000	19	63,784,000	16,410,678
114. Orals	Lbs.	21	840,000	284,000	18	3,573,600	259,413
Natural Drugs of Vegetable Origin							
115. Caffeine	Lbs.	1	12,300	4,942	1	12,300	5,179
116. Ephedrine and its Salts	„	2	3,300	2,424	2	3,900	732
117. Opium Alkaloids	„	1	1,167	294	1	1,800	282
118. Strychnine	„	1	15,600	2,542	1	15,600	3,961
Others:—							
119. Bismith Salts	Lbs.	..	..	..	2	..	19,278
120. Bromides	Tons	1	100	99	1	211	170
121. Cal. Lactate	Lbs.	3	237,400	72,172	2	300,000	67,085
122. Cal. Gluconate	„	2	111,840	24,422	2	111,000	56,154*
123. Chloral Hydrate	Lbs.	1	120,000	31,705	1	120,000	25,505
124. Ether B. P. and Anesthetics	„	3	1,512,000	227,643	3	1,512,000	290,642*
125. Ethyl Chloride	„	1	72,000	25,780	1	72,000	10,550
126. Ferrous-Gluconate	„	2	46,200	3,480	2	60,000	4,199
127. Niketha mide	„	3	4,200	577	3	4,200	293
128. Sod. Salicylate	„	1	129,600	134,220	2	150,000	33,723
129. Sacharine	„	1	57,600	11,578	1	60,000	61,956
130. Power Alcohol	Gall.	19	14.9	8.2	19	14.9	8.0
Solvents:—							
131. (a) Acetic Acid (Glacial)	Tons	2	720	275	3	1,800	1,000
132. (b) Acetone	„	..	..	..	1@	240	150
133. (c) Carbon di-sulphide	„	2	2,100	1,708	2	2,180	1,800
134. (d) Acetic anhydride	„	..	..	..	1	1,140	300

@ Does not include production in ordinance factories.
* Estimated.

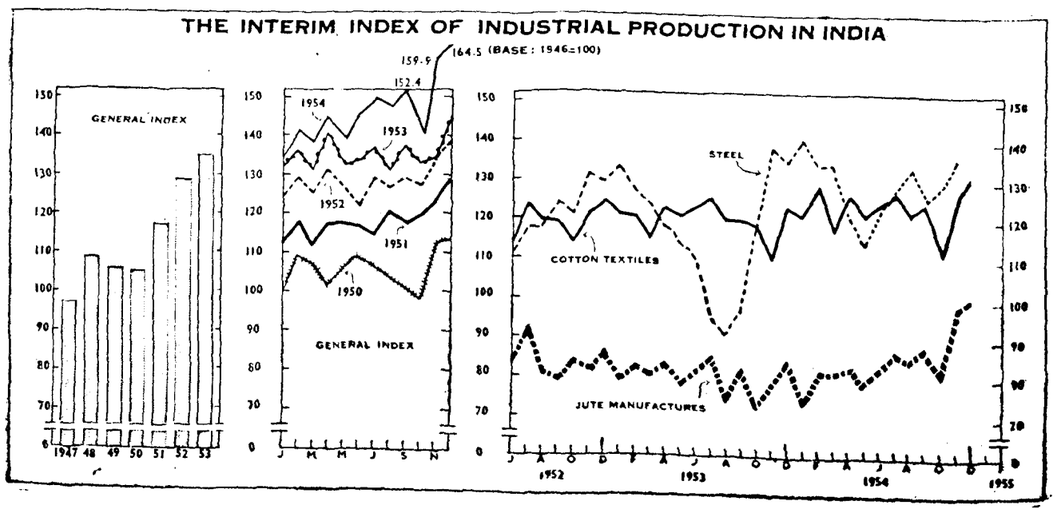
Source: Annual Report of the Ministry of Commerce and Industry.

(To be continued)

THE INTERIM INDEX OF INDUSTRIL PRODUCTION

(Base: 1946=100)

Period			General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines
				Total	Yarn	Cloth										
1947		..	97·2	95·8	94·8	96.2	96·6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8
1948		..	108·4	109.0	105·9	110.5	100·2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7
1949		..	105·7	99.7	99·4	99.9	84·8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	104.6	438.9
1950		..	105·0	91.1	85·9	93.8	76·8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7
1951		..	117·2	101.3	95·4	104.3	80·4	118.8	120.8	87.2	207.2	124.4	140.3	178.2	116.0	1,531.9
1952		..	128·9	113.8	106·0	117.7	87·4	125.4	161.9	83.8	229.3	129.7	150.1	160.1	122.0	897.9
1953		..	135·3	119.9	110·1	124.8	79.8	124.1	139.9	83.5	245.1	131.8	143.3	181.8	116.5	785.6
1954		..	146·5	123.4	114·4	127·9	85.1	127.4	124.1	91.1	284.9	143.2	130.0	246.1	129.3	1,846.9
July	1952	..	128·9	123.3	113·9	128·0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	,,	..	126·7	119.2	109·4	124·1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	,,	..	129·1	118.5	110·3	122·5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	,,	..	127·6	113.3	105·6	117·1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	,,	..	134·6	120.1	112·6	123·9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	,,	..	138·6	124.0	117·1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January	1953	..	131·1	121.1	113·0	125·2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	,,	..	135·9	120.8	110·0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	,,	..	131·1	114.1	101.9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	130.4	123.8	495.4
April	,,	..	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May	,,	..	132.8	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June	,,	..	133·2	122·9	111·0	128.8	81·2	122.6	136.4	79.6	251.4	121.6	151.0	165.8	107.8	522.3
July	,,	..	136·3	125.7	114·4	131·3	84.7	112.2	..	72.5	262.8	147.0	150.7	194.1	94.6	741.8
August	,,	..	131·0	119.5	109·6	124·5	73.5	111.9	..	82.5	234.4	137.7	126.4	207.3	91.2	887.6
September	,,	..	137·2	119·5	111·9	123.3	81.6	125.1	12.5	88.8	243.0	148.0	138.0	203.0	96.4	1,242.0
October	,,	..	133·4	118.9	111·5	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.2	1,430.7
November	,,	..	134.3	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	138.0	1,223.8
December	,,	..	144.7	122.9	116.5	126.1	84·0	128.9	127.0	85.1	282.2	122.1	134.4	212.3	134.4	1,737.5
January	1954	..	133.2	121.7	113.4	125.8	72.7	118.3	105.9	97.5	276.9	114.7	130.4	218.4	140.3	1,672.1
February	,,	..	141.6	127.1	116.4	132.5	81.7	137.8	100.2	83.0	297.3	115.6	130.4	260.6	133.9	1,517.2
March	,,	..	138.0	117.2	107.9	121.9	81.6	125.1	97·7	95.5	296.9	127.4	130.7	225·8	134·2	1,807.9
April	,,	..	144·9	126.2	114·9	131.9	83.7	127.9	127.2	83.6	283.7	158.3	114.3	232.7	121.0	1,766.8
May	,,	..	139.6	121·7	110·6	127.2	77.0	121.3	43.3	81.7	285.0	141.0	125.5	234.4	116.2	1,664.6
June	,,	..	145·2	123.9	113.4	129.2	83.3	121.5	..	105.8	278.0	150.3	100.7	231.4	123.1	2,008.5
July	,,	..	149·8	127.2	116.8	132.3	87.2	120.8	..	91.3	278.6	148.2	132.4	235.0	128.6	1,770.2
August	,,	..	147·8	121.4	113·6	125·3	84.5	120.5	..	95.1	261.4	142·1	136.1	283.6	133.2	1,571.5
September	,,	..	152·6	124.3	116·5	128·2	88·2	133.5	293.8	86.8	285.1	149.1	146.2	264.6	125.1	1,865.6
October	,,	..	141.4	111.4	105·9	114·1	81.1	119.0	165.1	91.9	284.1	155.2	139.8	265.6	130·3	1,609·3
November	,,	..	159·9	127.4	120·1	131·0	98.9	139.9	361·3	90.0	290.6	172.5	143.3	255.6	136.9	2276·1
December	,,	..	164·5	131.6	123·1	135·8	101.5	142.7	154·8	..	301.0	..	..	..	..	2632.7



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.
1950	.. ..	123	100	106	193	99	120
1951	.. ..	143	108	116	268	110	146
1952	.. ..	150	110	126	273	107	149
1953	.. ..	160	111	130	277	105	150
1954	.. ..	..	112	132	281 (3)	106	151
1953 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	.. ..	166	112	130	282	105	149
1954 January	.. ..	169	112	130	288	106	149
February	.. ..	170	112	130	289	106	149
March	.. ..	170	112	131	287	106	150
April	.. ..	171	111	132	277	106	150
May	.. ..	170	112	131	280	106	151
June	.. ..	171	112	132	277	105	152
July	.. ..	172	112	134	278	106	150
August	.. ..	172	112	133	275	106	150
September	.. ..	171	112	133	275	105	150
October	.. ..	173	111	134	274	105	150
November	.. ..	169	111	134	270 (2)	105	151
December	.. ..	..	111	135	..	105	153
1955 January	.. ..	..	..	..	..	106	155

(1) New series (base 1951=100) linked to the old index at January 1951.
(2) New series (base 1952=100) linked to the old index at 1952.
(3) Average for ten months.

Source: U.S. Monthly Bulletin of Statistics.

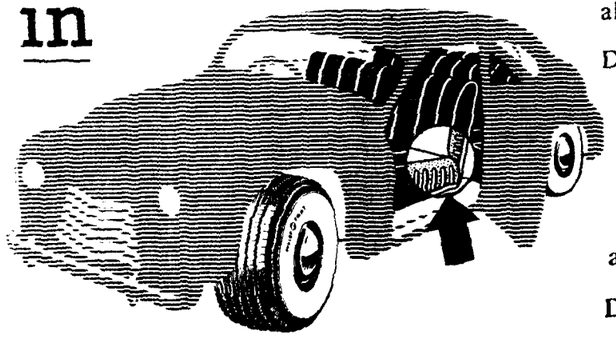
LATEST CROP ESTIMATES

Crop	Estimate		Area: Acres 000	Area: Increase +or decrease —over the corresponding estimate of the previous year per cent	Yield: Tons 000	Yield: Increase +or decrease —over the corresponding estimate of the previous year per cent
Food grains:						
Rice	Second	1954-55	68,502	—4.0	21,593	—7.9
Wheat	First	1954-55	25,567	+10.5	..	..
Jowar	First	1954-55	26,366	—2.4	..	..
Bajra	First	1954-55	23,174	—5.5	..	..
Maize	First	1954-55	8,927	+1.2	..	..
Ragi	First	1954-55	5,045	+1.3	..	..
Barley	First	1954-55	8,294	+8.9	..	..
Gram	First	1954-55	19,180	+10.7	..	..
Sugar Cane	Second	1954-55	3,617	+3.3	4,749	+12.7
Oil Seeds						
i. Edible—						
Sesamum	Third	1954-55	4,861	—2.7	567	+6.2
Groundnut	Final	1954-55	12,647	+16 4	3,823	+7.0
Rape & Mustard ..	First	1954-55	2,244	—2.7	..	..
ii. Non-edible						
Linseed	First	1954-55	2,441	—2.4	..	..
Castorseed	Final	1953-54	1,368	+0.8	107	+0.9
Fibres:						
Cotton	Fourth	1954-55	17,465	+7.6	4,089	+10.9
Jute	Final	1954-55	1,273	+6.4	3,153	+6.8
Other Crops:						
Tobacco	First	1954-55	792	+3.1	..	..
Potato	First	1954-55	544	+1.1	..	..

Source: Ministry of Food and Agriculture.

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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 Eastern Economist

VOL. XXIV. NO. 18. NEW DELHI: MAY 6, 1955. ONE RUPEE

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The Simla Conference

THERE is to be held at Simla next week an Asian Conference on the utilisation of foreign, and particularly American, aid. The initiative for this Conference has been taken by India. This might possibly be viewed by some nations, such as Pakistan and Thailand, as anomalous. At a time when C.R. has chosen to unleash his inopportune campaign against the acceptance of American aid, the Simla Conference might look as though it were misplaced on geographical location, if not in historical time. Over historical time, it might also be stated India has not been a conspicuous example of accepting aid first and then only discussing the philosophy of its acceptance. On the present occasion, it would appear that no philosophical questions are to be asked. In other words, at Simla, as at Bandung, India will, contrary to her general practice, ask no questions but, by and large, provide the answers opening the way to honourable acceptance.

The analogy between the Simla Conference and the first European Conference to discuss Marshall aid is too obvious to escape attention. Is the Simla Conference a prelude to an Asian Economic Co-operation Administration, with the Finance Minister of India playing the leading role once taken by Mr. Bevin? If this is so, why has the Simla Conference not been given the prominence, even, it may be, by criticism, which it deserves? Whichever way one approaches this Conference, surely there are many questions to be asked. Amongst other things, why has Ceylon rejected India's invitation? Surely, a discussion of principles, such as those which were a prelude to the European Co-operation Administration, by no means excludes aid on a bilateral basis. Or is the Simla Conference to be as charged with politics as was Bandung?

All that one can say at the moment is that the holding of a Conference of this kind was a correct decision. The South-East Asian community, born at Colombo in April 1954, has to face its problems, and even its differences, with a collective mind. Simla, like Colombo and Bandung, one hopes, will be a powerful means to that end. But there is now not long to wait for an answer.

Trade with the Middle East

STRANGE as it is, India's association with its neighbours in the economic field has been none too intimate and its trade continues to follow the "traditional" path—heavily weighted with countries in the distant West, such as the U.K. and the U.S.A. Considering the geographical proximity of India to countries in the Middle East and the enormous potentialities of trade with these, it is really surprising how small is the actual volume of trade that is being carried on. It is this paradoxical situation that has been underlined throughout the pages of the Report submitted to the Government of India by the Indian Goodwill Mission which toured Bahrein, Kuwait, Iraq, Iran, Syria, Lebanon, Turkey and Egypt during December 1954 and January this year. The importance of the Mission, led by Mr. M. P. Birla, lies not merely in furthering the already existing friendship and goodwill between these countries and India, but in focussing Indian public attention on the existence of a vast untapped area—covering over two million square miles and a population of over 80 million—for trade, and the imperative need for capturing the markets which exist so close to our shores.

While India's industrialisation is growing apace and she is making rapid strides as an exporter of a large variety of finished goods, including semi-capital goods, the Middle Eastern countries, with the comparative exception of Turkey and Egypt, are on the whole economically backward. Agriculture is their mainstay and industry has not made much headway. Bahrein and Kuwait have no resources other than oil. Lack of natural resources in the Middle Eastern region has meant increasing dependence of the population on imports to meet their day-to-day needs. All the exporting countries have, therefore, a good market in this region for a very wide range of products, many of which India can supply. The U.K. and the U.S., however, continue to be the principal suppliers.

A comparative study of India's export trade with some of these countries with that of the U.K. and the U.S. will be interesting. India's exports to Iraq in 1953 were valued at 2,321 thousand dinars, while those of the U.K. totalled as much as 25,915 thousand dinars and the U.S. 10,469 thousand dinars. Likewise, while the export trade of India with Turkey in 1953 aggregated £8.32 million, the corresponding figures in respect of the U.K. and the U.S. were as much as £204.48 million and £169.12 million. Again, during January-October 1954, Egypt received from us merchandise worth £2,957,271, whereas Britain and the U.S. exported to that country goods valued at £16,488,047 and £14,587,714, respectively. These specimen figures are sufficient to tell the extent of our backwardness in trade relationship with our neighbours in the West.

Even in respect of items, which already form part of our export trade, ample scope exists for expansion. Jute, tea and cloth are typical examples. At present only a very small proportion of the jute goods produced in India is exported to the countries visited by the Mission. The responsibility for this should be shared by our Government—which has often changed its export duty, thereby preventing the importers from making bulk purchases—and by our new entrants in the export trade who often default their commitments. It is time Government insisted that all shippers of jute goods sold them to foreign countries only under a contract providing for payment of compensation in case of defaults of any kind. Unless this is done, it would be very difficult to maintain and expand the Indian market for jute goods in these countries. The necessity for taking effective measures early is all the greater since, as the Report points out, all these countries may be expected to increase their agricultural output under their development programmes, thereby creating bigger demand for jute bags.

As regards tea, it is lack of publicity that has brought about such deplorably poor trading as it prevails today. If Egypt and Iran are showing a preference for Ceylon tea, it is not due to any inherent superiority in the quality of the latter, but because of sustained and effective publicity in favour of it. Here is an object lesson for India whose publicity machinery has failed to carry out even a fraction of the propaganda that Ceylon carries on in the Middle Eastern countries, or of its own tea propaganda in distant America. It is not understood why some of our really superior brands cannot be popularized in these neighbouring markets.

If India's cotton textiles too have not made much headway, it is because of its own pitfalls which have given rise to complaints such as poor packing and unimaginativeness in regard to textile colours and designs. The Mission has noted the changes that have taken place in the dress habits of the people of these countries who are taking more and more to Western styles. India will have to meet strong competition from Japan in piecegoods and, if she is to hold her own, it will be necessary to make direct and continuing contacts with importers in the area. The Mission has done well in specifying several other sources for augmenting our volume of trade. Indian films, dubbed in Arabic, for instance, offer considerable scope for developing an export market. Likewise, there is no reason why India cannot develop an export market for some of the semi-capital goods, such as light engineering products, diesel engines, electric motors and sewing machines.

It is a pity there does not exist enough information in the Middle Eastern countries of the developments that are taking place in Indian industry and economy. The Mission has rightly stressed the need for taking effective steps by the Government, as well as by associations of industrial enterprises in India, and the business community generally, to give publicity to India's overall economic development in all these countries. Apart from opening show-rooms and participating in fairs and exhibitions in the commercial centres of the Middle East, another effective way of establishing contacts is to invite foreign importers and business men to visit India and see for themselves India's industrial progress. Both the Government and our chambers of commerce will have to take the necessary initiative in this matter.

In conclusion, two important recommendations made by the Mission are worthy of note. Its suggestion to the Government to sponsor Export Promotion Councils for an increasing number of export commodities should help in launching a campaign of aggressive selling which is essential to introduce Indian products in these markets. Its other recommendation is the formation of a Central Committee, representing all business interests in India who are engaged in the export and import trade with the countries of the region. By co-ordinating the activities of importers and exporters and keeping a continuous watch on the flow of trade, such a Committee should prove useful in ensuring that the trade between India and these countries is conducted in a more organised manner than at present. In all the countries the Mission visited, it found every evidence of goodwill for India in a generous measure, as well as a genuine desire to develop closer commercial contacts with her. The time is opportune for increasing economic relations to the mutual benefit of India and her neighbours in the West.

The Durgapur Project

THE visit of the U.K. Steel Mission has again thrown the spotlight of publicity on the township of Durgapur in West Bengal. The question is being asked whether there would be room for a separate Coke Oven cum Gas Grid project if it is decided to locate the third steel plant at Durgapur itself. According to some observers, the country cannot afford the luxury of two projects in the same area.

To understand the situation in its proper perspective, one must first analyse what exactly the Project sponsored by the State Government sets out to achieve. According to them, the Project does not mean the mere setting up of an additional coke oven plant to produce coke or generate gas; it aims at the utilisation of the coal resources of the State in the most modern and economical manner and at laying the foundation for the development of coal chemistry industry in India. Although in the initial stage, i.e. during the first three or four years, an investment of only Rs. 12 crores is envisaged, the hope has been expressed that, with the supply of basic materials like coke, gas, power and basic coal chemicals, a number of private industrialists would start new industries in the area. As the private sector came to know of the Durgapur Project, offers have started coming for setting up new industries based on by-products from Durgapur plants.

Durgapur is an ideal site where the climate is congenial and, unlike in Calcutta area, the land is suitable for building industrial units. Transport facilities are excellent, as in addition to a major highway (the Grand Trunk Road), there will be an electrified 4-track railway and navigable canal (capable of handling 200-300-ton barges) linking Durgapur area with the centres of consumption and with the port of Calcutta. Raw materials for industrial development—coal, refractories, gas and power—are also available in plenty in the immediate neighbourhood. Finally, the Durgapur Barrage, which will be completed in a few months, assures a regular and almost unlimited supply of water.

The question arises whether there would be any demand for the coke which is going to be produced. The Coke Oven Projects Committee, set-up by the Government of India is said to have examined the matter in all its aspects and come to the conclusion that—

(a) The estimated demand for hard coke by 1960 would be about 875,000 tons, of which 831,000 tons would be for sized coke.

(b) For meeting this demand, about 446,000 tons of sized coke would be available from existing sources of supply in 1960. There would thus be a deficit in supply of 385,000 tons which must be met from new plants.

As regards the "economics" of the project for the coke oven plant costing about Rs. 5 crores, the Committee is reported to have made detailed calculation of costs, both fixed and recurring, and, after making conservative estimates of the yields and prices likely to be received for different products, is said to have expressed the view that a return of 7 per cent is visualised after providing for depreciation and interest on working capital. The installation of a thermal plant and the laying down of a gas grid would further improve the economics of the scheme.

It may be asked why the coke oven gas which is proposed to be pumped into Chittaranjan and Calcutta through a trunk pipeline has not been made use of in larger quantities in the past. The answer is that gas has never been made available in sufficient quantities and at a price which the consumer can afford. The immediate demand from Calcutta alone is in the neighbourhood of 6 million cubic feet per day, where the existing private monopoly gas company has not been able to meet even half of this demand. Secondly, they have not been able to reduce the price or improve the quality to make gas attractive to the consumer. The cost of gas is Rs. 4 per 1,000 cubic feet in Bombay against Rs. 5-12 at Calcutta, where it is not properly purified and often results in the choking of pipelines. If better quality gas could be supplied at a cheaper rate, say, at Rs. 3 to Rs. 3-8 per 1,000 cubic feet—and, according to the West Bengal Government, this is not impossible—the demand might rise from 6 million cubic feet to at least 10 million cubic feet per day in the Calcutta area alone.

There is also a large potential market for gas in the industrial area around Asansol. Chittaranjan Loco Works alone would ultimately consume 4 to 5 million cubic feet of gas per day in place of imported furnace oil. There are also refractory, glass and other industries which would welcome the supply of cheap fuel gas. With the Durgapur Project in operation, it would be possible to supply gas to industrial consumers in bulk at Rs. 2 to Rs. 2-8 per 1,000 cubic feet, although the rate for domestic consumers may remain at the figure of Rs. 3 to Rs. 3-8. In the larger interests of the country, to promote the use of gas would lead to the conservation of coal now being burnt up in lieu of gas, and would mean a great saving in the cost of wagons (estimated at about Rs. 12 crores per annum) used for carrying an equivalent quantity of coal.

The Project has taken note of the remote likelihood of the anticipated demand for gas not materialising—at least in the immediate future. It is proposed to utilise such gas, as cannot be readily sold to industrial and domestic consumers, in the projected Durgapur thermal power station.

It will thus be seen that if the Government of India decide to set up the third steel plant at Durgapur, there need be no conflict with the Durgapur Project of the West Bengal Government. It is true that the steel plant itself must have its own coke oven plant, but the demand for both coke and gas is so high in West Bengal that even the combined production of the steel plant and the State undertaking will not create any difficulties. In any case, the decision to site the steel plant at Durgapur must be taken on other economic considerations and, once the decision is taken, it would not be difficult to integrate the two in a manner satisfactory to both parties.

The point to be remembered is that West Bengal, with its rich and abundant coal resources, is ideally suited to the development of industries based on coal chemistry. The targets aimed at in the first phase of the Durgapur Project merely lay the foundations of such a development. The market for coal tar and other by-products of coal distillation, such as benzene and toluene, is large. The only major tar distillation plant in the country does not get sufficient tar even for running on three-quarter capacity. Also the potential demand of these by-products for finished chemicals is even larger.

It is, therefore, necessary to look at the broad canvas of the Project and not to concentrate attention on its immediate targets only. While the immediate targets are also sound and "economic", the future possibilities of development are brighter and sounder still. The "case" need not, therefore, be supported merely with reference to employment opportunities in West Bengal for at least 25 to 30 thousand men but it would stand the test equally in terms of the needs of the entire country and with reference to the economics of the production and distribution of coke, gas and ancillary by-products.

THE WEEK'S NOTES

MAY DAY IN DELHI

MAY DAY in Delhi this year was significant for an address by the Prime Minister at the Ramlila grounds. It was a rousing address but, contrary to May Day traditions, entirely lacked a revolutionary tone. Indeed, it was a warning against violent methods. The Prime Minister said that violence hampered progress for decades and exacted "too heavy a price from the people". He said that the theory of class struggle and social revolution which had been formulated a century ago (presumably by Marx and Engels) had become irrelevant due to "revolutionary changes" that had taken place since then. Though he admitted the existence of the class struggle, he did not consider that violence was the way to resolve it.

More specific was his description of the aims of the socialistic pattern of society. He said that the problem in India today was first to increase the national wealth and anything that hampered this development should be discouraged. (One wonders whether the Finance Minister's budget this year meets this standard of economic development as enunciated by the Prime Minister). More specifically, the Prime Minister said that the expropriation of the rich in India would not solve the problem of poverty by itself. He was trenchant in his criticism of those who have opposed the payment of adequate compensation to the shareholders of the Imperial Bank of India, which the Government has decided to take over. The non-payment of compensation or reducing its quantum was not the way to bring about a socialistic society in India.

There is no doubt that this clear statement of the Prime Minister's views on the production-distribution controversy has had a heartening effect on the private sector.

REFORM WITH VENGEANCE

IN TAKING an ultra-extremist attitude on the Company Law Bill, the Parliamentary Joint Select Committee has sought to bring about radical reform of the managing agency system with a vengeance. To those who are obsessed with the excesses manifested in the practices of a section of this system, nothing short of drastic measures seemed to promise the cure. The violent prescription dictated by the Select Committee will achieve much worse than what its authors in their crusading zeal are aiming at. Instead of curing the system of its ills it will succeed in bringing about its paralysis.

As recently as May 1954, when the Bill was referred to the Select Committee, a balanced and realistic view was taken on this vital question of reform. There was a genuine recognition of the fact that modern industry and business in this country were not only developed by the resources in capital and managerial skill provided in an ample measure by the managing agency system but literally sustained by it. Without the sustenance derived from the system, industry and business could not but languish since it is crystal clear that no alternative agency for the provision of finance and managerial ability can be set up in this country in the foreseeable future. An organized capital market has not developed here on any substantial scale and the new accent on the progressive elimination of the private sector is calculated to produce exactly the opposite effect. In the last year's budget session, the Finance Minister clarified the Government's attitude on the question of the reform of the managing agency system and furnished proof of robust realism when he announced that what was necessary was to purge the system of its excesses and abuses, not to paralyse it. When, however, the Select Committee came in the picture, political prejudice was allowed to vitiate the entire approach.

The powers which are now sought to be conferred on the Government and the statutory restrictions that are recommended for imposition on the managing agency system, far from bringing about its healthy regulation, are most likely to hamstring it. The specific authority of the Government to notify industries and businesses in which managing agencies will be prohibited from functioning may shut down the springs of finance but it cannot create new ones. In the case of industries not clamped with prohibitory notifications, managing agencies will have to operate within the framework of restrictions which a bureaucracy, unacquainted with the intricate working of the machinery of industry and business, would choose to dictate in an attitude of righteousness. As an illustration of the extremist outlook may be mentioned the Select Committee's recommendation which enjoins that the appointment of a managing agent which purports to be made for a period longer than permissible will be void for the entire period and not merely for the excess period as equity would require.

THE KANPUR TEXTILE STRIKE

THE SOOTI Mill Mazdur Sabha at Kanpur chose a very different way to celebrate May Day. The textile strike which had been threatened for some time in Kanpur began at 6 a.m. on May 2 after a great deal of rallying on May Day. Communist influence was represented by Mrs. Aruna Asaf Ali who assured the workers of the full support of the Communist Party in their fight for the 'just' cause. The just cause in this case is the problem of whether rationalisation in Kanpur's textile mills should be permitted. Anyone who knows the conditions in the cotton textile industry in Kanpur, where the cost of production is significantly higher than in any other textile area in the country, will know where the merits of the case reside. Here seems to be a political slant in Trade Unionism which the Government of Uttar Pradesh has rightly determined to fight. It seems a pity that both employers and labour are to be the victims of this disastrous break after a long period of industrial truce.

A SEARCHING ANALYSIS

THE SECOND report of the Programme Evaluation Organisation on the progress of community projects and national extension service blocks does not grudge appreciation of the advances made and it accords credit in a full measure for the marked change that has been brought about in rural community life in economic, social and intellectual spheres. More basically, the significant achievement of community development is the creation of a new sense of collective confidence in the capacity of rural masses to raise their living standards. But the general tone of the report is to underline the shortcomings in the projects in their organisational aspect having a vital and far-reaching effect on the democratic character of the entire philosophy of this new movement. The report certainly cannot be blamed for having taken an exaggerated and highly critical attitude in spotlighting the evidence that utters a strong warning against visible trends towards the tightening of official control and direction. These trends need to be reversed to create a climate directly conducive to the increasing participation of the people in the programmes under the projects.

At the two top tiers of the Development Commissioner and the Collector a keen awareness of the role of welfare officers which the incumbents have to play is unmistakably in evidence. But at the levels below starting with the Tehsildar, the basic purpose of the programmes under the auspices of the blocks is hardly appreciated and these officials are obsessed with speed of expansion of projects and achievement of physical targets. This dominant tendency argues a strong case for the separation of functions between the revenue staff and the development staff below the rank of the Collector. Inter-departmental co-ordination has not been attained in any significant measure and its absence has been reflected in lack of co-ordination in developmental policies and plans. While a stable organisational machinery still remains to be evolved, the risk involved in placing accent on speed of expansion of community projects cannot be underrated. Responsibility for impatience and excess of enthusiasm, however, does not rest with the organization at the lower levels and it should be plain that Government needs to exercise restraint in this behalf. Considerations of quality of work and democratic transformation of the projects must override every other consideration. Intimately allied to the issue of quality is the issue of training of staff and here the appraisal in the report is quite unequivocal. Despite a certain undoubted measure of improvement in the training of village level workers as also other personnel, there is pressing need for a thorough rehaul of the policy on training which must be reshaped after a full investigation by an expert committee.

TOWARDS SIMPLER ELECTIONS

THE REPORT of the Election Commission on the first general election held in 1951 has a very valuable aspect in so far as it suggests the direction in which the procedure for election can be made simple. Its recommendations on the vital issue of expenditure incurred by candidates at elections, however, are not calculated to assist the process of lessening the burden. The Commission frankly records the finding that the returns of expenditure submitted by candidates and agents do not in a large number of cases bear real relation to facts and from this finding it makes the suggestion that the permissible scales of expenditure should be raised. Whether this suggestion is approved or whether a way out is devised, on the American pattern by permitting the contesting parties to bear part of the expenditure for candidates put up by them, there seems no effective way to curb the size of expenditure. It is one of the serious anomalies of elections in democracies that they should be subject in some measure to the impact of costs. The Election Commission's plea for rationalisation of election tribunals by constituting them into single high court judge or district judge bodies, subject to appeal, can be helpful only if a firm time limit is prescribed for disposal of cases.

The procedure of elections can definitely be made much less cumbersome to the benefit of the election machinery, candidates and political parties (with added gain to the last two by way of reduced costs and saving of labour over election campaigns) by holding them simultaneously, wherever practicable on the test of the expiry of the life of the sitting legislatures, all over the country. The time element could be reduced to a reasonable period of about three weeks which is what the resources of candidates and parties can bear without excessive strain. A good deal of vexatious delay and expense would be eliminated by deleting the statutory obligation requiring the candidate to be an actual voter on the electoral role and to secure a proposer and seconder from the constituency from which he seeks election. Reform of the electoral law can be secured in good time on this model for the next general election.

PACKING THE SUPREME COURT

THE TENOR of events leading to the passage of the Appellate Division Quorum Bill in its second reading by the South African House of Assembly can leave not an iota of doubt that the Nationalist Government has achieved its purpose to circumvent the authority of the Supreme Court by sheer use of brute majority. The Bill was opposed not merely by the United Party and the Labour Party but even by the Conservative Party which usually extends support to the Government. The healthy check of the judiciary on the legislature now goes. The authority to pack the Supreme Court under the plea of a revised quorum will enable the Government to circumvent its decision on the removal of coloured voters in Cape Province from the common electoral role. Time will not fail to prove too soon the manifest object of the Bill.

There can be no doubt that the facility to secure the concurrence of the Supreme Court will be utilised to put through the Nationalist Government's pet racial policies. The sequence of events reveals the indecent haste with which the strength of the Supreme Court is being altered. The most remarkable fact is that the additional five judges were appointed even before the Assembly could discuss the Bill in pursuance of which they were to be eligible for appointment. Mr. Strijdom now gets a Supreme Court of his choice to decide constitutional issues. It is erroneous to assume that the process of using the new quorum will stop with the removal of the Cape coloured (mixed blood) voters from the common franchise. The new-found power of the Government will doubtless be used to ride rough shod over the Opposition in the matter of other vital entrenched clauses. It is strongly apprehended that the equality of English with the Afrikaan language accorded by law will not take long to be demolished. Having succeeded in removing the hurdle of the judiciary, it will be a plain affair for the Strijdom Government to dismantle the safeguards provided for racial minorities by a simple majority vote.

BOMBAY STATE ROAD TRANSPORT CORPORATION

THE REPORT of the Bombay State Road Transport Corporation for 1953-54 describes the achievements of the year as those of consolidation. This would appear to be an underestimation. Actually, there was positive expansion. The daily scheduled mileage increased from 1,41,474 in 1952-53 to 1,70,336 in 1953-54 and total road mileage also registered an increase so as to cover now two-thirds of motorable roads under nationalised transport. There were net additions to the vehicle fleet. A start was made in launching State-operated services in the goods sector. It needs to be emphasized in parenthesis that the results of the parallel operation of State-owned and private-owned goods services should be studied objectively and future expansion, if any, should be undertaken only if justified by superior operating performance of the former. The road user's verdict should also be invited for this decision since several elements in service are incapable of assessment in physical or monetary terms.

In spite of progressive dieselisation of vehicles to the extent of 79.11 per cent and rationalisation in mechanical operations, costs continue to rise, it is said, for reasons beyond the Corporation's control. Faced with the alternatives of increase in fares and reduction of staff, the Corporation chose the latter and secured economy of Rs. 7.3 lakhs in expenditure. It was a bitter choice enforced on the Corporation. But the fact that a reduced staff is able to cope with increased volume of work without loss of efficiency may raise a serious query whether the original employment policy was not over-generous—a failing from which most nationalised undertakings suffer.

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WORLDGRAM

AGRICULTURE

Rice Production in Ceylon: The U.N. Food and Agriculture Organisation has undertaken to develop 4,000 acres of land in Ceylon, which are often inundated by floods. The FAO will convert the acreage into paddy fields to increase rice production and help the country towards self-sufficiency in food. This is the first major attempt in modern times to reclaim marsh land in Ceylon.

*

Sugar Output in 1955: The Union Minister for Agriculture, at a recent meeting of the development council for sugar industry, revealed that without much increase in the acreage, India was likely to produce more sugar during 1955 than in any of the previous years. The production of sugar was 10.01 lakh tons in 1953-54 compared to 13.4 lakh tons in 1952-53 and 14.83 lakh tons in 1951-52. The fall is due to the decline of cane acreage from about 48 lakh acres in 1951-52 to about 36 lakh acres in 1953-54. In the same period consumption had increased from 11.7 lakh tons in 1951-52 to 18.2 lakh tons in 1953-54.

*

Record Commonwealth Cotton Output: Total cotton production for the member countries of the British Cotton Growers' Association reached the record figure of 1,226,000 bales—about 16 per cent greater than the previous best. For the first time production averaged more than 1,000,000 bales a year over a five-year period. Most of the countries had contributed to this achievement, with record crops from Nigeria, Tanganyika, and Aden, and second-best production from the Sudan and Uganda. There may, in the coming years, be considerable fluctuations in the quantities produced, due to climatic conditions, but there is no reason to anticipate any general lowering in the level of production.

INDUSTRY

Increase in Industrial Investment in U.K.: Industrial production during 1955 to-date is estimated at about 5 per cent above the level during the first three months of 1954. Further advances in output in the metal and metal-using industries, in chemicals, paper, the public utilities, and in the building industry are also expected. The outlook for coal production, textiles, foot-wear and other non-metal consumer goods, however, is less encouraging. Moreover, an increase in gross fixed capital formation, in the manufacturing industry, is expected. The expected investment in 1955 will increase a little more than the last year i.e., by £200 million, and investment in building and civil engineering is likely to rise by some £100 million.

*

Augmenting Palana Coal Mines Supply: A scheme for augmenting the output from the lignite coal mines at Palana, has been submitted by the Rajasthan Government to the Union Ministry of Natural Resources. It envisages a daily output of 1,000 tons of coal. The scheme is expected to be included in the State's second Five-Year Plan. The proved deposits of lignite at Palana lie over an area of about three square miles, the highest thickness of the seam being 61 feet. The deposits are estimated to be of the order of 15 million tons, exclusive of about two million tons thus far extracted. The open cast mining system is now proposed to be introduced in this colliery for improving the quantity of output in place of the pillar and stall method.

*

U.S. Rayon Sales at Peak: The American Viscose Corporation is expanding its facilities for the production of rayon staple fibre, and cellophane. Industrial Rayons sales for the first quarter of this year have been estimated at 28 per cent over the first quarter of 1954. Sales are expected to total $15,200 million, an increase of 6 per cent, over April, 1954. It is stated that a retail boom has now been in progress for four months, in each of which sales have risen by a minimum of 5 per cent over the previous year.

*

Higher Car Sales in U.S.: It has been reported by the Federal Reserve Board that car output continued at advanced levels in early April. In the earlier months of 1955, some 1.2 million new cars were sold in the U.S. This was an increase of 42 per cent over sales in the same period of 1954. New car production in the same period this year was 49 per cent ahead of 1954. The President of General Motors revealed that the sales of his Company's cars from January 1 to March 20 amounted to 759,135 vehicles, an increase of about 147 per cent over the comparable 1954 figure.

TRADE

Volume of Mexico's Foreign Trade in 1954: Mexico's foreign trade was better in 1954 than was expected. With a 7 per cent expansion in exports and a 3 per cent decrease in imports it was possible to reduce considerably the country's negative balance of trade which amounted in 1954 to $182.5 million as against $250 million in 1953 and $213 million in 1952. Mexico's trade with Europe is dominated by commercial transactions with two leading industrial countries of that continent, Great Britain and Western Germany. Western Europe's participation in Mexico's external trade is growing rapidly and steadily.

*

Increased Possibilities of Indian Exports to Middle East: There is a great market, in Middle East countries for diesel engines, sewing machines, electric fans, plastic goods, a variety of consumer goods and tea and jute manufactures, as revealed by the Indian Trade Delegation which toured Middle East. With certain adjustments of shipping freight, India can increase her exports, it is stated. From Iraq, India can import more of raw wool, dates and horses. Iran has a seven-year plan of Agriculture and Industrial Development and India can export jute manufactures, cotton textiles, tea and engineering goods. Prospects with Syria are bright, but trade possibilities with Turkey are bleak. As soon as Turkey's economic position is regained, India can further expand her exports. As a result of the payments agreement, exports can be raised up to Rs. 15 crores from the present level of Rs. 6 crores.

*

Husked Rice Export: Husked rice would continue to be freely licensed up to September, 1955, against advance registration of sales to all permissible destinations excluding the Portuguese possessions in India. Registration of sales would, however, be stopped as soon as the ceiling is reached. Sales of husked rice registered with the Export Control Office prior to December 31, 1954, and contracts in regard to which were not re-validated, will be treated as lapsed. If, however, the contracts were re-validated the sales in question will have to be registered afresh with the Export Control Office.

*

Fall in Australia's Exports: Australia's exports totalled £(A) 431,100,000 during the seven months up to the end of January as against £(A) 501,600,000 in the corresponding period of 1953-54. Sales to Britain dropped from £(A) 164,100,000 compared with £(A) 183,200,000 while shipments in the United States, France, Belgium and Italy came down. Over the same period, imports rose by nearly £(A) 90,000,000. Most

of these increased purchases were from Britain and the United States. A trading deficit of £(A)32,700,000 was recorded with the dollar area in the latest seven month period as against £(A) 9,500,000 in the corresponding period of 1953-54.

FINANCE

Japan's Budget for 1955: The Japanese Government's revenues are estimated to total 999,131 million yen and the expenditure Y. 994,303 million for the general account, the latter being Y. 5,577 million less than the figures for fiscal 1954, after adjustment by the supplementary budget. Treasury investment and loans total Y. 314,000 million, an increase of Y. 33,500 million over the original estimates for the preceding year. It was apparently designed to embody various promises made by the Government during the recent election campaign within the frame-work of Y. 1,000,000 million. Consequently, spendings for general public enterprises have had to be cut down, while drastic economy and retrenchment will be made in various administrative expenses as well as in government subsidies.

*

£23 Million Kenya Development Programme: A 3½-year plan, ending 1957, is estimated to cost over £23 million and will ensure a rapid rate of expansion covering agriculture, education, medical services, housing, industrial and commercial expansion, closer administration in the reserves, roads, building, community development and forestry. The annual rate of expenditure of the development programme is some £6.2 million compared with an average annual rate on £3.8 million over the period of 1946-53. The Government will depend far more than hitherto on public loan issues, following recent discussions in London the loan target has been set at £11.75 million. After allowing for the proceeds of the 1953, £6.5 million Development Loan in the balance of the Development Fund at the beginning of 1954, no less than 89 per cent of funds likely to be available for spending by the end of June 1957 will come from loan sources.

*

Rise in Indian National Income: The national income of India was Rs. 106,00 crores in 1953-54 as compared with Rs. 9,360 crores in 1952-53 and Rs. 9,990 crores in 1951-52, according to the Central Statistical Organisation. The per capita income worked out to Rs. 267.4 in 1952-53 and Rs. 283.9 in 1953-54 as against Rs. 274.5 in 1951-52. The national income in 1952-53 showed a decline of Rs. 130 crores or 1.3 per cent over the 1951-52 figure. If the necessary adjustments were, however, made for the price levels in the two years, an increase in the real terms of 3.9 per cent in 1952-53 over 1951-52 would be indicated as compared with an increase of 4.5 per cent between 1952-53 and 1953-54. The corresponding increase in per capita income in real terms would be 2.5 per cent and 3.3 per cent respectively. On the whole, between 1948-49 and 1953-54, the per capita income rose by some 8 per cent at constant prices.

*

New Branches of the Imperial Bank of India: The total number of branches opened by the Imperial Bank in different States from April 1, 1954, to March 31, 1955, is 19. During its five-year expansion programme beginning from July 1, 1951, the Imperial Bank of India agreed to open in all 114 branches. Sixty-two branches have already been opened up to March 31, 1955. The number of branches to be opened during the remaining period from April 1, 1955, to June 30, 1956, is 52.

MISCELLANEOUS

World Organization of Businessmen: The International Chamber of Commerce will meet on Asian Soil for its biennial Congress, at Tokyo from 15th to 21st May. A large delegation composed of more than 50 leading Indian business men, will attend the Congress. The attention of the Congress will be focussed on questions of Asian development in relation to the world economy, and has "Asian Problems—World Progress" as its theme. Among the main subjects of discussion will be ways to promote Asian trade, both inter-regional and with the rest of world; the role of public and private investment, and methods of stabilizing world markets for primary products. Besides, this, a special meeting will consider "Free Trade for World Prosperity."

*

Indian Rehabilitation Loans for Co-operatives: Applications for loans are being received from August 1, 1954, by the Rehabilitation Finance Administration from displaced persons who have migrated to India from East Pakistan after December 31, 1950, and also from the displaced persons who migrated to India from East Pakistan during 1950—if they form co-operative societies or other incorporate bodies and if their applications are sponsored by the State Government concerned. This facility has been in operation for more than eight months and it has now been decided that no application for loan will be entertained by the Rehabilitation Finance Administration with effect from August 1, 1955 from displaced persons who have migrated to India before January 1, 1954, unless such persons form co-operative societies or other incorporate bodies and get their applications sponsored by the State Government concerned.

*

Rise in East African Rail and Water Traffic: The East African Railways and Harbours Administration's rail and water services in 1954 increased their ton-miles for public traffic by 410 million to 1,270 million—a record. Total income reached £18.2 million, which was £2.81 million higher than in 1953. Deadweight tonnage of goods carried on trains, road and marine services increased by 136,000 to 3.5 million tons. Train mileage rose from just under 8 million in 1953 to 8.2 million in 1954.

*

Work of Colonial Development Corporation in 1954: The Colonial Development Corporation is assisting in financing 56 projects in colonial territories to supplement what is already being done by private enterprise and by colonial governments, states the Corporation report for 1954, just published in London. Seven new projects were started last year in association with experienced private enterprise, and further possibilities of local and commercial participation are continually being sought. Financial results show a considerable improvement on the previous years. Of the 56 projects, 20 are in the Caribbean area, six in the Far East, 11 in East Africa, 14 in Central Africa, and five in West Africa.

*

Programme to Aid Low-Income Farmers in U.S.: The U.S. President has recommended a programme designed to raise the income of farm families with the lowest earnings. Though the U.S. per capita income is the highest in the world, more than one-fourth of the families who live on American farms have cash incomes of less than $1,000 a year. The proposed programme would; expand extension work to meet needs of low-range farmers, develop research in farm management and in nutrition, provide additional credit for low-range farmers, increase technical assistance, such as provided by the Soil Conservation Service, to low-income farmers; expand vocational training, strengthen employment service in rural areas and adapt it to the needs of rural people, and induce the expansion of industry in rural low-income areas.

NEWS IN BRIEF

INDIAN

The Government of India are reported to be considering the recommendation of the Planning Commission relating to the introduction of the decimal system of coinage and the metric system of weights and measures. A Bill to introduce these measures is believed to be under preparation.

*

The Union Transport Ministry proposes to appoint a Committee shortly to study measures to co-ordinate rail and sea transport. A comprehensive examination of comparative costs of operation on competitive routes will also be undertaken by the Committee.

*

The Report of the State Reorganization Commission is expected to be submitted by the end of June next, as scheduled. Since its formation in December 1953, the Commission has interviewed 6,000 persons and received some 60,000 representations.

*

India has received from 1948 to 1954-55, Rs. 40.48 crores and Rs. 6.2 lakhs from the U.S. and the U.K. respectively as financial aid on a grant basis. During the same period India gave Rs. 213.73 lakhs to friendly countries by way of financial assistance.

*

An expert committee is examining the necessity of the possession of a university degree as a qualification for all but some of Government's lowest posts and services. Re-examination of justification for recruitment on the basis of competitive examinations and its substitution by other methods is also under consideration.

*

India and Pakistan have evolved an agreed procedure for the transfer of bank accounts under the Banking Agreement of 1949 and the bulk release of lockers and safe deposits under the Movable Property Agreement of 1950 between the two countries.

*

The All-India Second Estimate of Linseed for 1954-55 puts the current year's area at 2,572,000 acres as against the adjusted Second Estimate of 2,535,000 acres for 1953-54.

*

An estimated Rs. 280 million is expected to be spent during the second Five-Year Plan period for bringing Indian Airlines in conformity with the standards prescribed by the International Civil Aviation Organization.

*

It is reported that India proposes to give 10,000 tons of rice as a gift to Nepal to meet the scarcity conditions in the Himalayan kingdom.

*

Between the Governments of U.S.A. and India five operational agreements were signed involving a total U.S. assistance of over $1.28 million. The projects covered under these agreements are, assistance to technical educational institutions, livestock improvement, ground water exploration, flood control and modern storage of food grains.

*

The Soviet Union has offered technical aid to India in the form of tractors, agricultural processing, machinery, insecticides, and other plant protection material.

FOREIGN

It is reported that U.S. farm co-operatives have 7.5 million farm family members. This figure is double that of 10 years ago. Net value of the business transacted by the U.S. farm co-operatives is estimated at more than $15,000 million a year.

*

Fishing constitutes one of Western Australia's important industries. In 1953 production, comprising fish and crayfish, was valued at £(A) 1,300,000.

*

The Government of Thailand has appointed a Committee to study means of controlling the quality of Thai export commodities and grading them for export purposes.

*

The Foreign Affairs Commissar of the U.S.S.R. Supreme Soviet has approved the proposal of the U.S.S.R. Council of Ministers to annul the Anglo-Soviet Treaty of 1942.

*

The proposed conference of the Foreign Ministers of France, Britain, the U.S.S.R. and the United States on European problems is expected to take place sometime in June this year. The last Conference of the four Ministers was held in January last year at Berlin.

*

It is reported that as a consequence of the £40 million budget, cigarettes, petrol, kerosene, tyres and some clothing will cost more in Kenya.

*

During the Asian-African Conference, a treaty was signed between Indonesia and People's Republic of China concerning dual nationality.

*

It is reported that Britain is anxious to put commercial relations with Japan on a more permanent footing and is thus inviting the Government of Japan to enter into negotiations for a long-term commercial treaty.

*

The Syrian Government has informed the United Nations that the partition of demilitarized zones along the Syrian-Israeli frontier "could be considered" under certain circumstances.

*

It is reported that Egypt has signed a £(E) 1.7 million (£1.74 million) barter agreement with Russia and a £(E) 1.4 million (£1.43 million) agreement with Rumania. Egypt will exchange cotton for petrol and kerosene.

*

A meeting of diplomatic representatives of the United States, Britain, France and the Soviet Union will be held in Vienna to discuss the agenda for the preparatory conference on the Austrian State Treaty.

*

The U.S. formally pledged $6.5 million recently to the U.N. Expanded Technical Assistance Programme for 1955. This brings U.S. payments to the Fund to a total of more than $56 million during the five years.

*

Fourteen men from India, Pakistan, Ceylon, Burma, Indonesia and the Philippines are to attend a six-month course in Britain under the Technical Co-operation scheme of the Colombo Plan, to study latest techniques for controlling weeds, insect pests and plant diseases.

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A Window on the World

THE COMFORT OF THE COLD WAR

By

ODYSSEUS

A NATION IS ENTITLED to ask that foreign judgment upon it should be based not solely on its most notorious characters, but also on the finest flowerings of its civilisation—not merely on the "Current of its Blitzes" but on its pandits and prime ministers, not merely on its McCarthies and Knowlands, but also on its Eisenhowers and Adlai Stevensons. I have in past weeks had occasion to mention Mr. Adlai Stevenson's hundred-page booklet "Call to Greatness" (R. Hart Davis, London. 9 sh. 6d.) and this week I want to consider some of his views.

His book is an exhortation to his fellow countrymen to face their responsibilities in this mid-twentieth century, and the breadth of mind and magnanimity in which he clothes his reflections are not only typical of the best in American civilisation, but suggest that Mr. Stevenson besides being classed as a leader of his own nation may also (as the publisher's blurb—for once justifiably—claims) be recognised as a leader by thoughtful men in all nations.

Mr. Stevenson points out that the world today is dominated by two immense facts: (1) the new political independence and awakening of Asia and Africa, simultaneously with (2) the constant over-hanging threat of aggressive communism to national independence in Asia, Africa, Europe, and all countries in which political freedom, and the concept of the state as existing not for itself but for the individual, have hitherto been taken for granted.

American and Western attention has been focussed on the second of these facts—the communist threat—whereas Afro-Asian attention has been focussed on the attainment of independence. Pre-occupied with their own ferment, which has inevitably been forced into anti-Western moulds, Africa and Asia have not measured the communist threat to their tender, newly-won independences, or to the further evolution of their aims in those areas in which full sovereignty has not yet been attained. Although Mr. Stevenson does not make the point, the two separate pre-occupations of (1) the West and (2) Africa and Asia are not necessarily antagonistic; they can and must be reconciled if freedom, whether old-established, newly-won, or nascent, is to survive.

AFRO-ASIAN TACTICS

I offer the suggestion that the line of attack adopted by many Afro-Asians against the remaining French, Dutch, and Portuguese imperialisms must prolong and embitter the struggle rather than hasten a smooth ending. Broadly speaking, Afro-Asians lose no opportunity of denouncing these imperialisms in strong terms and of urging their right to self-determination in equally offensive terms (using the word in its military and not its "unparliamentary" sense). Such attacks arouse Portuguese, French, and Dutch national pride and strengthen the reactionary elements within them. They make it difficult for liberals to obtain a hearing. I believe that if the line of argument adopted by Afro-Asian governments and publicists alike were that re-distributions of sovereignty in the disputed areas were urgently needed in the common interests of both parties, i.e., in the interests of the Western powers as much as of their presently unemancipated subjects, this would act as a powerful solvent on present Western resistance. Instead of drawing liberals and reactionaries together in defence of national pride and self-respect, it would loosen the resistance by giving the liberals a chance to make themselves heard and felt. We have had with us in India the best example of the wisdom of such tactics. If Sardar Patel had tried to vituperate the princes into integration with the Union, it is arguable that he might have aroused resistance that could have led to bloodshed. I do not suggest that the princes could have resisted successfully, but I draw attention to the immeasurable benefits that have followed the avoidance of bloodshed and bitterness through Sardar Patel's appeal to the reason, self-interest, and co-operation of the princes. The end of Western imperialism everywhere is not in doubt, but can be speeded by similar appeals to self-interest.

I revert to Mr. Stevenson's thesis. Without seeking to minimise the importance of the communist threat, he points out that it is not the sole problem and should not be allowed to monopolise Western attention, for, after all, communism is not the only cause even of the Russian problem. History suggests that an industrialised Russia would be no less expansionist under Czars than it is under commissars. And the political awakening of Africa and Asia is not a product of totalitarian communism but of Western liberalism.

Mr. Stevenson usefully reminds the free world that even if the U.S.S.R. did not exist and if Karl Marx had never been born, a multitude of problems would still bedevil us, and he lists a few of them. In the West, Europeans are anxiously seeking the expanding foreign trade that must support them in future. In the Near East, the contraction of Britain's stabilising power has laid bare conflicting policies among the Islamic states ranging all the way from Egypt to Afghanistan, complicated by Arab-Israel enmity. In Asia, Japan has lost an empire, its sources of raw material, and many of its nearby markets. It is curious how little we in India think about this strong, able, and active people, numbering 86,000,000, who live like sardines in an area of 142,000 sq. miles (compare Bombay state with its 36,000,000 people, living in 111,000 sq. miles).

In Malaya, how is an integrated and self-governing state to be built out of a population in which there are as many Chinese (owing allegiance to whom?) as Malays? In this sub-continent, we have not yet after eight years agreed even on the method of settlement of the Indo-Pakistani dispute over Kashmir, a deadlock which we do not even appear to think contains any hint of peril for either party concerned. And looming over that vast area which stretches from Egypt to Indonesia (the "soft under belly of Asia"?), preoccupied as it is with so many local frictions, are the suddenly released and developing aspirations of the masses, restless millions, barely above the starvation line.

Is it any wonder, Mr. Stevenson asks, that much of the non-communist world is more pre-occupied with its own affairs than with the menace of international communism?

This is true, but we should not forget that international relations are themselves confused by communist aggravation and exploitation of nationalism, anti-colonialism and independence, not for the furtherance of legitimate Asian (or African) aims but for

the furtherance of an ideology which is—when you reflect over the facts—the exact negation of nationalism (What has happened to "nationalism" in Lithuania?), anti-colonialism and independence (Where are the forces of anti-colonialism and independence in the U.S.S.R.'s colonies and dependencies stretching from the Caspian Sea, through Turkmenistan, Uzbekistan, and Samarkand—that "golden" city of the poets—to Kirghiztan?).

But if these are points that ought to be modifying our own attitudes towards international relations, Mr. Stevenson stresses that his countrymen must learn to expect communist exploitation of these Afro-Asian urges and must realise that slogans like "massive retaliation" are no answer, and nuclear intimidation no solution, to them.

While distinguishing between the problems arising from (a) the international Sino-Soviet communist drive and (b) Afro-Asian political awakening, Mr. Stevenson brings out clearly how communism everywhere seeks to ally itself with this vast revolution in order to mislead it and to convert it to its own wholly different and opposed ends.

COMMUNIST SMOKE-SCREEN

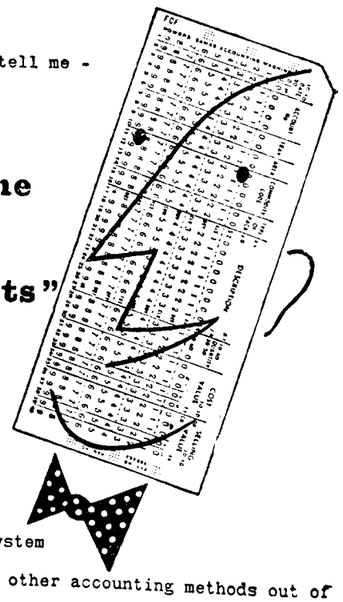
Mr. Stevenson does not say so, but there can be no doubt that one of Asia's biggest difficulties in the way of understanding American policies has been the smoke-screen of misinterpretation with which the communists have covered them. Readers of this column are aware that I think that the United States has made many blunders of tactics and methods, which have, often with justice, antagonised Asian opinion, but it should never be forgotten that the communists have seized these opportunities to go further and assert, what is the exact opposite of the truth, that these American blunders prove that Asian-American objectives are incompatible, and that fundamentally the United States seeks to substitute a dollar imperialism for vanished or fading territorial imperialisms. When this Sino-Soviet smoke-screen is dissipated, American policy, with all its mistakes, seems to me to justify Mr. Stevenson's claim that it has been reasonably well directed to meeting the twin problem of the communist menance and of what he calls the "revolution of rising expectations", in Europe as well as in Asia, by means of the Marshall Aid plan, the Point Four programme, on the "expectations" side, and by means of resistance to communist aggression in Korea and the provision of military help elsewhere, on the communist menace side.

It is the boast of America's Free Enterprise that it tackles and polishes off the biggest jobs in the shortest time—("The difficult we do at once: the impossible takes a few minutes longer"). This attitude has tempted Americans to think that international problems can likewise be quickly solved if enough machines are tooled up, troops concentrated, and dollars poured out, if the "mostest is shoved in the fastest". When they find that other nations do not respond at once to shock treatment, they are apt to be impatient, to want to wash their hands of it all, to withdraw into isolationism. To those of his countrymen who feel like that, Mr. Stevenson offers some words of encouragement which should, I think, cheer us also. He points out that we have survived the major crisis which arose from U.S. total demobilisation in the effort "not to scare the Soviet" in the years 1945-47, that some equilibrium has been established, and that we have settled down to the long endurance test of the cold war. Cold comfort? But what islets of freedom and independence would survive in Europe or Asia if the U.S.A. had not reversed her policy in 1947 and poured forth her treasure and her blood?

The moral of the years 1947-55 is that the long sustained effort is itself heartening evidence of democracy's will to survive, and above all of its ability to compete with communism, not just in war but in the greater strain, spiritual no less than physical, of cold war, in which we must rely in co-operation and persuasion where the Sino-Soviets can use coercion and command.

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BOOK REVIEWS

A CHALLENGE TO DEMOCRACY

The Public Philosophy: Walter Lippmann: Little Brown and Company: Boston, Toronto: $3.50.

The publishers claim that this is Mr. Walter Lippmann's outstanding book. Considering that he has written 21 books in all and many of them are already world famous, this is a high claim. It is, however, justified. In a short compass, within 200 pages, Mr. Lippmann describes the failure of Twentieth Century Democracies to defend and maintain the political faith, or 'public philosophy' which formed the basis of the convictions of the Founding Fathers when they established the American Constitution.

The book has, although India is not once mentioned, a topical application to India. At the present time, in the name of the people, many romantic doctrines, such, for example, as the doctrine of the Welfare State and the "socialistic pattern of society" are being preached. It may be comforting to know that we are no worse than our Western counterparts in the extent of the confusion which arises from the false belief that the people have the capacity to make, after due understanding, the ultimate policies of the Government. Has India not suffered from this description of Mr. Lippmann? "This revolution appeared to be a cession of power to the representative assemblies, and when it happened it was acclaimed as promising the end of the evils of secret diplomacy and the undemocratic conduct of unpopular wars. In fact, the powers which were ceded by the executive passed through the assemblies, which could not exercise them, to the mass of the voters who, though unable to exercise them, passed them on to the party bosses, the agents of pressure groups, and the magnates of the new media of mass communications."

For a solution, Mr. Lippmann does not turn to iconoclasm. He does not wish to abolish democracy and has not lost his sense of proportion. He is clear, however, on the destruction of the Great Illusion. "No more than the kings before them should the people be hedged with divinity. Like all princes and rulers, like all sovereigns, they are ill-served by flattery and adulation. And they are betrayed by the servile hypocrisy which tells them that what is true and what is false, what is right and what is wrong, can be determined by their votes."

In India as elsewhere in the Western world there is cause for serious concern about the manner in which the people are being used by these elected representatives to propound doctrines which, whether effective or not as representing the consent of the governed, are ineffective in economic and political application. In India we are really heading for a place somewhere between the devil and the deep sea. If we trust wholly to the people, we will not solve our economic problems because the people's approach is far from rational or effective. On the other hand, if we go to the expert—Professor P. C. Mahalanobis is a terrifying example—one tends to get so totalitarian in outlook (as with the adoption of an economic programme based on a statistical framework) that one has a remedy worse than the disease. Who will deliver us from the body of this death?

TEXTILE CENTENARY

The Indian Textile Journal—Souvenir Number: M. C. Rutnagur and Co., Surya Mahal, Military Square, Fort, Bombay. Rs. 15.

For India's cotton mill industry, the year 1954 marks the close of an epoch. This sumptuous volume, running into well-nigh 700 pages, gives in a graphic manner the highly fascinating story of the pioneering days of the Indian cotton textile industry a hundred years ago and the history of its subsequent growth and development.

Opening with a message from the Vice-President, Dr. S. Radhakrishnan, the Souvenir contains authoritative contributions on the technical problems of the industry, on issues of welfare, trade unionism and the part played by various millowners' associations and chambers of commerce on its development. Leading spokesmen of industry give their considered appraisal of the future outlook for cotton mills in this country. An interesting life-sketch of the late Mr. Sorabji Muncherji Rutnagur, founder of the "Indian Textile Journal", highlights the Technical and Research Institutions Section.

A number of attractive advertisements, several in multi-colour, themselves provide a fund of information to the trade and industry. The detailed chronology of the past 100 years, given at the end, adds to the value of this useful publication as a book of reference. The Souvenir is brilliantly got up with an attractive silk cover.

WHO'S SIXTH YEAR

The Work of WHO, 1954: Official Record, World Health Organisation: No. 59, March 1955: Sh. 10, $2 or Sw. Fr. 6: Annual Report by Dr. M. G. Candau, Director-General of the WHO, to be Submitted on May 10 to the Eighth World Health Assembly.

Completing its sixth year of existence the WHO provided assistance to 330 major health projects in 75 countries during 1954. Further progress was made in establishing standards for drugs and vaccines, in co-ordinating research and developing training facilities for health personnel. The Report indicates how more emphasis is being laid on long-term plans for the development of health services by member States, and the growing attachment to the idea of international co-operation through joint action.

The WHO has, through regional conferences, focussed attention, and diverted its energies towards the control of communicable diseases. Malaria occupies an important place in the programmes of the Organisation which included 20 different operations in 1954. Through mass field programmes directed at treponemal and venereal diseases in 20 countries some 25 million persons were examined and 6 million treated with penicillin. In tuberclosis control campaigns conducted in 28 countries, some 32 million persons were tested with tuberculin, and about 11 million given BCG vaccination. Veterinary public health and the fight against zoonoses directed at communicable diseases and the broadening and integration of work on the virus diseases figured prominently in WHO programmes during the year. A special study programme on poliomyelitis was developed and tracoma control work extended to new countries.

The Report also indicates the essential measures and techniques that WHO seeks to introduce into the organisation of member countries. The valuable work done in the South-East Asian region includes rural health units and material and child health schemes organised by the Governments, which are being steadily expanded.

Since its inception in 1947, the WHO has awarded 4,500 fellowships, of which 667 were given in 1954. Approximately 40 per cent of all health projects assisted were training programmes designed to meet the paucity of personnel. A considerable saving was made through regional fellowships which accounted for 68 per cent of the total awarded. The WHO budget in 1954 amounted to $8.5 million. In addition, 128 health projects directly involved in the economic development of various countries were made possible by the allocation of $3.997 million from U.N. Technical Assistance Funds. Joint work with UNICEF, FAO, UNESCO, ILO and ICAO during 1954 was an example of the close co-ordination of the integrated work of U.N. agencies.

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A DELHI DIARY

SAPRU HOUSE

THERE was a formal opening of Sapru House, the imposing headquarters of the Indian Council of World Affairs, by the Prime Minister on Sunday! The building is imposing enough. But I hope I will not be considered querulous when I say that some arrangements at the opening were disappointing. There was a shortage of space for celebrities with the result that both diplomats and Ministers had to embark on an unfortunate game of musical chairs. The Prime Minister himself was not in the best of moods. Quite summarily he stopped the reading of a list of donors who have made the survival of the Indian Council of World Affairs on its present scale secure for the next five years. Only Burmah Shell managed to cross the barrier. The Prime Minister promptly intervened and the second name was lost in a whisper which was all the Secretary-General could give it. All further donors were gracefully obliterated!

The Prime Minister spoke in Hindi as he now often does. At the end of the speech there was noticed some quite thrust and parry in conversation between the Prime Minister and Pandit Kunzru, President of the Indian Council of World Affairs. It then transpired that the question was whether or not the Prime Minister should follow his Hindi speech by a short rendering in English. He explained that Pandit Kunzru had prevailed upon him to do this speech in English "to enlighten the diplomats". Not intending in any way to offer offence, the Prime Minister referred with a smile to the point that he thought perhaps that diplomats, vehicles of enlightenment to other lands, would have followed his "simple" language. It was not meant, I am quite sure, as a rebuke. But there was more than one diplomat present who took the point amiss.

I wonder whether there is justification for the diplomatic view that this was a slight. In other countries proceedings are conducted in the language of the country. But diplomats feel that on occasions like these when they are particularly invited in their diplomatic capacities they are justified in hearing the principal speeches in English which, they consider, is in the Constitution still the official language of India. They are not at the moment pressed by the External Affairs Ministry to learn Hindi although some of them make a noble, but not always effective, attempt to do so. On the present occasion where there were references to Bandung and other matters of international interest, possibly there was more of a grievance than at other times. I repeat this complaint here because there is a growing feeling that the External Affairs Ministry has recently failed to give diplomats all the facilities to which they feel they are entitled.

In a somewhat querulous mood which prevailed last Sunday, it also appeared that there had been a slip in the Protocol arrangements on the day on which our Prime Minister, Col. Nasser and the Afghan Foreign Minister returned from Bandung. Apparently, the arrival was at the military airport where there were no facilities for the diplomats to take protection from the sun in a waiting room or even in a tent. The aircraft left Calcutta an hour late, but this was not notified to many diplomats with the result that they waited under a tree in the hot sun for over an hour. In this case, my sympathy is much more on the side of the diplomats. I had hoped that the Diplomatic Corps would blame the error on the weather. But they entertain some less natural view!

I must return to Sapru House. The elaborate building which has been erected on Barakhamba Road is a fitting tribute to a great man and to the remarkable work which he inspired. Twelve years is not a long period in the history of an institution. From that Indian Council's small building in Kasi House in Connaught Circus to the great corridors of Sapru House is a far cry though a short distance. The fact that this growth has taken place in twelve years is an achievement; incidentally none of the Indian Council's sister organisations has a residence as palatial as this. Fitting tributes were paid to those who have worked in this institution and who brought to bear in their task a sense of dedication and public service.

To say that a great and dedicated task has been accomplished is by no means to display complacency on the work of the Indian Council. There is room for more live participation in the journal and for a wider sense of the opportunities that the new Sapru House provides. A grand building will no more make an institution than fair walls make a city.

WOMEN WARRIORS

Monday was a day for women legislators who stuck to their ground with a dogged determination in the battle that raged over the Hindu Marriage Bill. On that day the Lok Sabha gave the Bill its first reading. Naturally, the most exciting speeches came from the women members. Mrs. Renu Chakravarty led a frontal attack on the Hindu Mahasabha whose propaganda against the Bill she characterised as "perverse and fantastic". Supporting in a firm tone the general scheme of the Bill as an advance in the elimination of inequality between men and women in Hindu society, she took strong exception to that curious and novel clause in the Bill which seeks to impose liability on a woman to pay alimony to the husband on divorce. In a society in which women had no economic independence nor full rights of inheritance, she asserted, this provision had absolutely no meaning. She was likewise highly critical of the clause relating to the restitution of conjugal rights. Much as every level headed member of society would wish to keep harmony between husband and wife, at least for the sake of the children, she described the purpose of the restitution clause as highly repulsive. Mrs. Sucheta Kripalani went a step forward in condemning the clause outright as "barbaric".

But she and Mrs. Jayshree Raiji kept themselves occupied primarily with demolishing the opposition to the divorce clause. They asked bluntly why the opponents took fright at the mere mention of divorce. A statutory provision would not drive each couple desperately to divorce and the solidarity of married life was not going to be impaired by it. But where joint life was rendered intolerable there was no salvation except in divorce. Mr. Pataskar's reply to the debate had a touch of chivalry. He told the opponents of the Bill rather summarily that sanction or no sanction from the ancient scriptures, the motive force of dynamism in society could not be halted. What Manu ordained over two thousand years ago could not be allowed to clog the wheels of progress. He appealed to the opponents to take a sober view of the Bill and pointed out that in spite of the Widow Remarriage Act, not every widow took a jump for remarriage. So would it be with divorce.

ARGUS.

Special Articles

PRODUCTIVITY AND REAL WAGES

THE fact that the industrial labour's real earnings since Independence have been moving up steadily was discussed in a previous issue of "The Eastern Economist." While the per capita income of an average Indian in 1953-54 (at current prices) was Rs. 283.9, the average annual earnings of industrial labour works out to more than Rs. 1,000, or over 3½ times that of the former. This trend is certainly heartening and it will be welcomed by employers themselves lest the consumption level should be adversely affected. This, however, raises the question as to how far labour has merited its phenomenal gains in earnings.

To answer this question it is, first of all, essential to find out to what extent productivity of industrial labour has been keeping pace with its increased earnings. For this, the wage and productivity trends in certain major industries, such as cotton textiles, steel and cement, will have to be taken into account. If, in a particular industry, labour's productivity has gone up commensurate with the increase in earnings, it means that the worker has fully justified the extra income which has been falling into his hands by way of more wages and allowances. On the other hand, if the increase in earnings has not been accompanied by a corresponding rise in output, labour cannot claim any wage rise out of proportion to its productivity. It may be that, in a particular industry, its wage bill for workers has not shown a corresponding increase which means that the employers concerned have perferred to divert their earnings more towards taxes and dividends than towards payments for their workers.

A study of a few specimen cases—representative industries—should yield concrete results. The study proceeds from the trends in productivity and real wages in the cement, iron and steel, and cotton textile industries with the help of figures culled from the census of manufactures for the years 1947 to 1951. The results in the cement industry show that during the period 1947 to 1952, productivity improved by 98.4 per cent, while wages advanced, in money terms, by 130.4 per cent. This proves that labour benefited, in percentage terms, more than its contribution to the industry. A similar story is told in the case of the iron and steel industry. Here labour received, during the period 1947 to 1951, a push in wages which was three times the increase in productivity. If the index of productivity for 1947 were taken as 100, then productivity for 1951 worked out to 126.5. Wages, on the other hand, advanced during the same period from 100 to 182. In the case of cotton textiles, however, productivity was slightly higher than the increase in wages to the labour force. Whereas wages improved by 29.4 per cent, productivity went up by 36.6 per cent. If the evidence of the four years under reference means anything, it is that employers could hardly claim that the increase in labour's real earnings is a tremendous burden which they cannot bear.

It is also interesting, in this connection, to find out how far the increase in production is a consequence of increase in employment. It is found that the real spurt in productivity has come during the past three years—1952 to 1954—when, strangely enough, there has actually been a marginal decline in manpower. To be more specific, the indices of daily number of industrial labour in 1952, '53 and '54 were 108.3, 106.6 and 106.0, while the corresponding productivity indices, rising steadily, were 119.0, 126.8 and 138.2, respectively. There could be little doubt, therefore, that manpower efficiency has contributed in no small measure to this significant rise in production.

A comparison of installed capacity with production also yields striking conclusions. In cotton textiles—India's foremost large-scale industry—the installed capacity (loomage) has, during the period 1950-54, risen by only 3.6 per cent, whereas cloth production has shot up by 36.4 per cent in the same period. The 'gap' between 'paper' installed capacity and production has, been narrowed and production in some cases has outstripped 'paper' capacity. In the jute industry, again, while the capacity has remained unchanged during 1950-54, production of jute manufactures has shown a rise by 11 per cent. This is partly due to a change in working hours.

From the foregoing analysis the conclusion is justified that industrial labour has done a good job in return for its increased earnings—whether its performance is assessed in terms of productivity, or manpower or installed capacity. The results of the foregoing assessment may cause some surprise but they represent trends which have long been suspected by close observers of the economic scene.

INDICES OF PRODUCTIVITY

Year	Interim Index of Industrial Production	Indices of Average daily number of workers employed in factories subject to Factories Act	Index of Productivity
1946	100.0	100.0	100.0
1947	97.2	100.9	96.3
1948	108.4	104.7	103.5
1949	105.7	107.9	98.0
1950	105.0	111.0	94.6
1951	117.2	112.5	104.2
1952	128.9	108.3	119.0
1953	135.2	106.6	126.8
1954	146.5	106.0	138.2

EMPLOYMENT IN FACTORIES

(Covering only those subject to Factories Act)

Year	Average daily number of workers employed in 000's	Index number of Employment.
1946	2,255	100.0
1947	2,275	100.9
1948	2,360	104.7
1949	2,434	107.9
1950	2,504	111.0
1951	2,537	112.5
1952	2,443	108.3
1953	2,403	106.6
1954	2,390*	106.0

* Figues for cotton mill industry and coal mines alon are available in respect of the year 1954. Employment in other factories has been assumed to be c the same level for the year 1954 as in 1953.

Source: Indian Labour Gazette.

THE RELATION BETWEEN SAVING AND OUTPUT

THE publication last week of Estimates of National Income 1948-49 to 1953-54 by the Central Statistical Organisation of the Government of India throws some light on the controversy which has been raised about the rate at which India's rate of saving rises with increments of output. It will be remembered that both the Mahalanobis Statistical framework and the Federation Plan assume in the second Five-Year Plan that 30 per cent of the increment of output will be saved. It has been contended by 'The Eastern Economist' that there is no justification whatsoever for such a facile assumption in the record of the Indian economy in the years from 1948-49 to 1953-54. The figures contained in the Central Statistical Organisation estimates and the Taxation Enquiry Commission's Report confirm 'The Eastern Economist' view. This is noteworthy in view of the fact that Prof. Mahalanobis is also head of the Central Statistical Organisation.

Relevant figures are contained in the Central Statistical Organisation's publication for National Income at constant prices. For the year 1950-51 the figure at 1948-49 prices was Rs. 8,850 crores. Similarly, for the year 1953-54 national income at 1948-49 prices was Rs. 9,950 crores. The increment in output at constant prices would, therefore, be Rs. 1,300 crores.

It is necessary to turn to the Taxation Enquiry Commission's Report for estimates of investment in 1950-51 and 1953-54. These figures are reproduced in the table below which is table 26 on page 138 of Volume I of the Taxation Enquiry Commission's Report. It will be seen that the rate of investment moved up from 5.8 per cent to 7 per cent between the two years. In other words an increase of 1.2 per cent in the rate of saving corresponded to an increase of about 10.2 per cent in income. This would seem to suggest that the marginal rate of saving is lower than 10 per cent. This is probably too pessimistic a figure.

A somewhat different figure is obtained by employing the figure for aggregate investment for 1950-51 reduced to constant prices against the estimate for 1953-54 at the same prices. In this rendering of the case whereas investment at current prices was Rs. 555 crores in 1950-51 and Rs. 730 crores in 1953-54, the adjusted figures at 1948-49 prices would be Rs. 517 crores in the first year and Rs. 685 crores in the second, leading to an increment of an investment of Rs. 168 crores. According to these official figures, therefore, it would appear that an increment of Rs. 168 crores of investment is to be related to an increment of national income of Rs. 1,300 crores. In other words, the increment of output that was saved amounts only to 12.9 per cent.

The year 1953-54 was an exceptional year so far as output was concerned, and conceivably the proportion saved was also likely to have given a higher increment than in a normal year. If the rate of saving works out to 15 per cent over the years 1950-51 to 1953-54 what is the justification for assuming a rate of double this quantity in the second Five-Year Plan? Official estimators cannot ignore the pointers of their own figures. Professor Mahalanobis' assumption of a saving of 30 per cent of increment of output in his plan certainly cannot square with any figures produced by the National Income Unit or the Central Statistical Organisation for the years for which estimates have been made. These estimates probably err on the conservative side but that can be no reason for casting them to the winds. Alternatively, if they are cast to the winds, why are they published under an official seal?

Curiously, unofficial figures and estimates made by 'The Eastern Economist' Research Section are much more favourable to a high marginal rate of saving than are Prof. Mahalanobis' official estimates. In particular, it is considered that rural investment in the year 1953-54 was about Rs. 300 crores against Rs. 160 crores assumed in the Taxation Enquiry Commission's Report. When Rs. 140 crores is added in and similar corrections made it will be seen that the rate of saving might conceivably have risen to something nearly 25 per cent. This is without doubt the upper limit that can be claimed for the marginal rate of saving. It has already been mentioned that agricultural investment in 1953-54 was quite exceptional and this rate cannot be assumed over a longer period. It would appear, therefore, that any reasonable assumption on the relation between increments of output and saving in the Indian economy should stand between 15 and 20 per cent. If we accept a conclusion of this kind, it will be obvious that the plans proposed by Prof. P. C. Mahalanobis and the Federation of Indian Chambers of Commerce and Industry are violently inflationary.

Estimate of Investment in 1950-51 and 1953-54

	Crores of Rupees	
	1950-51	1953-54
Public Investment	185	305
Private Investment		
(a) Organised enterprises (public limited and private limited companies)	55	55
(b) Urban Housing	90	120
(c) Rural Investment	140	160
(d) Transport other than Railways ..	25	20
Investment Abroad (net)	60	70
Aggregate Net Investment	555	730
National Income	9,530	10,500*
Rate of Investment	5.8	7.0

(**Source:** Taxation Enquiry Commission's Report).

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The Business World

GESTURE TO LANCASHIRE

JUDGING from stock market reactions in this country, Mr. C. D. Deshmukh's view that the Government of India's decision to reduce the import duties on cotton textiles from the U.K. would not cause any significant damage to the domestic industry, seems to have been fully justified. Textile scrips in Bombay and Ahmedabad have, instead of recording any recession, greeted the news not only with unconcern but with minor improvements, reflecting the inherent strength of the home industry and its confidence to withstand any possible influx of British textiles as a result of the concessions now announced. The Government's action has removed a principal cause of irritation felt by the British textile interests since 1953 when import of textiles had been subjected to very high levels of duties. The British Government has, as was expected, welcomed the "very important concessions" and expressed its intention not to put on any quota on imports from India.

As an additional assistance to Lancashire, Sir Anthony Eden has followed up the India Government's move with an announcement completely abolishing the purchase tax in U.K. on non-woollen cloth and domestic textiles. The abolition of the purchase tax, which has come in the wake of the Chancellor of the Exchequer's opposition, hardly a week earlier, to the complete removal of the impost, has been characterised by the Labour Opposition as a "political humbug". In view of the impending general elections in the U.K. —with the Conservatives holding only a very narrow majority in Lancashire at present—Labour leaders have been at pains to tell the electorate that the Government has been compelled "to submit to the policy of the Labour Party". Whichever party might deserve credit for this significant decision, its effect on the industry cannot be different—it will bring the urgently needed aid to Britain's textile industry which has been languishing under foreign competition. In reciprocation of the Government of India's gesture, the U.K. has done well in deciding to maintain the arrangements under which cloth imported from India and other members of the Commonwealth is duty-free. Also, the present substantial and important preference in favour of British exports is preserved. These arrangements will result in welcome opportunities for increased trade.

In view of the phenomenal growth of India's textile industry in recent years and the concurrent improvement in the quality of our products, Indian mill interests, whom the Government closely consulted before announcing the duty cuts, have found no cause to fear any large import of Lancashire textile goods. Even so, it is expected that some 15 million square yards of British textiles might find their way into this country annually. It was out of revenue considerations that increases were originally made in the duties which, on British manufactures, ranged between 60 and 80 per cent 'ad valorem', in addition to the retention of a severe quota restriction. After representations on both quota and tariff made by the U.K. Government, the quota restriction was removed in October last. The tariff, however, remained forming a barrier to trade. It cannot be gainsaid that the high tariffs had caused mounting resentment in British trade circles during the last two years, and a situation had been developing whereby India's sizable export trade—of over 400 million yards of cloth—to the U.K. and the colonies stood in danger of facing retaliatory measures.

In general, the effect of the reduction now announced is that the incidence of the levy is expected to be reduced from 60 to 80 per cent to 30 per cent 'ad valorem'. To be more specific, the reduced duty on U.K. textiles now works out at 2 annas 3 pies per square yard, plus 25 per cent 'ad valorem'. The British goods included for cut in duties are: Grey piecegoods containing more than 90 per cent of cotton (excluding bordered grey chaddars, dhoties, saris and scarves), printed piecegoods and printed fabrics, cotton piecegoods, satins, including Italian satin weave, velvet, velveteen and embroidered all-overs.

As regards non-British textile goods, duties have been reduced to between 45 and 60 per cent 'ad valorem', apart from the levy of excise duty on superfine cotton fabrics and an additional excise duty under the Khadi and Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953.

Both the Governments have agreed that the revised rates would be tentative for the next 12 months.

It is interesting to note here how, from her pre-war position as a major importer of U.K. textile goods, India has today completely reversed the position and become an important exporter of textiles to the U.K.'s domestic market. At one time India was importing annually 3,000 million yards of British textiles, which even before the war ranged between 150 and 200 million yards. Last year India imported only three to four million yards. Remembering that Indian textile production stood at 5,000 million yards, the British imports were a negligible proportion. On the other hand, India's export to the U.K. alone in 1954 amounted to 15 million yards. In 1955, the exports are expected to rise to 17 million yards. It is believed that about 50 per cent of Indian exports are retained in the U.K.

APPROACH TO UNEMPLOYMENT

By

CROESUS

THIS year's May Day celebrations—and several other functions besides—in Bombay sought and, I think, succeeded too in focussing public attention on the growing menace of unemployment. Mr. N. M. Joshi, the veteran trade union leader, no doubt, told a meeting of Praja-Socialists that, like the poor, the unemployed have always been with us, but he was clearly not satisfied with the measures being adopted by the Government to tackle this problem. The Government had prepared plans to alleviate distress among the unemployed, but, he said, if past experience were any criterion, these plans would only remain as paper plans. Moreover, he did not want doles to be dished out to workers but work. "All that workers want is

work, a right which cannot be denied to them" declared Mr. Joshi. The veteran labour leader did not stop at that but went on to advise the unemployed, as also those having jobs, to shout from house-tops the deplorable unemployment situation in the country and to ask M.P.s and M.L.A.s what they had done in Parliament and Assemblies in regard to unemployment problem. And he exhorted: "If they fail to give a satisfactory reply, just do not cast your votes for them". With due deference to Mr. Joshi, all this amounts to but a negative approach. It does not give work to one more worker.

Earlier in the week, the All-India Textile Workers' Conference at Sholapur also had the menacing proportion of unemployment in the country very much at the back of its mind, as witness its request to Government "not to allow labour-saving machinery and other automatic machinery to be installed at least for the next five years in order to keep employment at its present level". This resolution was adopted at the instance of Mr. G. D. Ambekar, President of the I.N.T.U.C. (and also of the India Textile Workers Federation) by the conference which, by the way, was inaugurated by the Union Labour Minister, Mr. Khandubhai Desai, an ex-I.N.T.U.C. chief. It is interesting to note that while, in his inaugural address to the conference, Mr. Khandubhai was asking Indian industrialists to proceed with rationalisation in a rational way, without ignoring the problems of unemployment and underemployment, Mr. Ambekar was telling the conference, in his presidential address, that "his oganisation would never be a party to rationalisation in industry if it displaced even a single worker". It is thus apparent that, while, at least after assuming office as Union Labour Minister, Mr. Khandubhai seems to be convinced that rationalisation cannot be avoided and that all that can possibly be done is to minimise its effects on unemployment and underemployment as much as practicable, his successor to the Presidential gadi of the I.N.T.U.C. has determinedly set his face against rationalisation in any form. No one has yet seen or heard of a scheme of rationalisation in any part of the world which has not displaced even a single worker as Mr. Ambekar suggests. Perhaps Mr. Ambekar had also said "even temporarily"—he may not have been properly reported!, but there is no doubt that he must have meant it. For he told the conference, in unmistakable terms, that the western theory of rationalisation in larger industrial units was of no good to India because of the large-scale unemployment and under-employment in this country. In view of this danger presumably, he does not even want industrial units in this country to become large at all. This is what he must have meant when he said that workers could not wait for industrial expansion to get jobs and observed that Indian industrialists would want labour to wait till larger industrialisation created more jobs. Further, Mr. Ambekar seems convinced that, while this may be possible in America, in India, where there is a plethora of labour, the economy has necessarily to be "labour-intensive".

These are all familiar arguments against rationalisation. There is nothing new or novel about them, but one significant point which I have noted from Mr. Ambekar's observations and the proceedings of the All-India Conference of Textile Workers at Sholapur is that labour is apparently opposing rationalisation "to keep employment at its present level". In other words, the alternative before the country today seems to be between having no rationalisation so that employment may be kept at the present level which our labour leaders think is possible—which too is not correct, because, without rationalisation and without an increase in our productivity, it would be impossible to keep up even the existing production (and, therefore, the existing employment position), let alone improve it—and rationalisation with immediate but temporary unemployment or underemployment followed by full and more employment.

I think it is imperative that our labour leaders must first make a choice between the two before telling the Government that the workers have a right to work and exhort it to find jobs for the unemployed. If you want more speed, you can't very well get it by applying the break and pressing the accelerator at the same time.

If prominent labour leaders were focussing attention on unemployment and fomenting—shall I say, trouble?—by preaching to the workers to resist rationalisation in Bombay, an eminent industrialist, no less worried by the growing unemployment than the workers' spokesmen, was thinking of other and praticable solutions in Calcutta in a truly business-like manner. I am referring to Mr. K. C. Mahindra, who, in his address to shareholders as Chairman of the Indian Aluminium Co., Ltd., touched on this vital problem for the second year in succession. Last year itself, I may mention here, he had stated that the problem of chronic and enforced idleness amongst millions in this country could not be removed "unless we adopt long-term measures for restricting the birth rate. Too many mouths to feed will remain a standing menace to the target of abundant economy, toward which all our plans are directed".

This year, Mr. Mahindra has referred to the target of 12 million jobs by the year 1961 prescribed by the Union Finance Minister. No one knows as yet how Mr. Chintaman Deshmukh proposes to achieve this target. However, as Mr. Mahindra observed, "it cannot be too strongly emphasised that unemployment remains a direct coefficient of the productivity of the nation." While this productivity in the matter of population, he again warned, needs to be restrained, "every effort should be exercised to make people work more intensively if we are to arrive at a sensible solution of this chronic problem". He reminded us that the average American, though he works 15 per cent fewer hours, has roughly 50 per cent more purchasing power than he had 25 years ago, because of the high level of national productivity in that country which has increased by more than 2 per cent every year since 1900.

In the course of his speech, Mr. Mahindra also blew up the blind belief entertained by some that the closing of all factories would provide living for a larger number of people and that there would be no shortage in the production of goods and articles. "The case for intensive industrialisation in India", he said, "lies in a bare recital of facts of the situation today." I don't think it is necessary for me to quote him in extense, for these facts could not be unknown to the readers of this journal. I am, however, tempted to close this piece by quoting his very pertinent and picturesque metaphor that "full employment is not a ridge but a plateau where there should be considerable room for manoeuvre". Without providing room for manoeuvre to the private sector by permitting it to adopt such measures as rationalisation and thereby raise the country's productivity, there can be no solution of the unemployment problem in India.

BUSINESS NOTES

INTERNATIONAL FINANCE CORPORATION

AFTER OVER three years of tiresome procrastination, the project of the International Finance Corporation has reached the final phase in the preparatory stage. It was obvious since the proposal for this Corporation was first mooted that the effectiveness of its funds and its capacity for service would be conditioned by the readiness of the major member-governments of the World Bank to participate in it. This factor was implicit in the basis of the subscription of the member-countries to the Corporation which follows the pattern of subscription to the World Bank's capital. America's lead last year gave acceleration to the scheme of the Corporation. Its draft charter has now been circulated to the 56 member-governments of the World Bank and approval of the draft charter by member-nations liable to subscribe $75 million out of the Corporation's initial capital of $100 million can be taken for granted—without needless delay.

The Corporation's functions are of vital importance. It is by these functions and not by the modest size of the starting capital resources that the value of the Corporation and the potentialities of its expansion in the future should be judged. The basic function of the Corporation, which is to supplement the flow of investment in private enterprises in less developed countries, is to be achieved by the offer of its aid on a revolving basis. Securities in which it will invest its funds will be released and sold to private investors who can acquire a right in the capital stock of the venture. The Corporation will function as a supplier of the last resort and its funds will supplement risk capital where indigenous capital has shown enthusiasm to step forward. The central emphasis will be on the promotion of industrial undertakings, although commercial and agricultural projects are not excluded from its sphere of assistance. It does not propose to participate in actual management of the enterprises approved for help, but the obligation cast on it to operate as a clearing house for bringing together investment opportunities, skilled management and private capital will make it a potential agency to assist private ventures. Although an affiliate of the World Bank, its distinctive character as an independent entity will be safeguarded and it will have an added element of flexibility in that the advances of funds which it will make will not require, unlike in the case of the World Bank, the guarantee of governments of the countries from which the applicant enterprises will be drawn.

PROTECTION AND IMPORT POLICY FOR STARCH

DURING ITS existence of seventeen years, the Indian starch industry has been enjoying the benefit of protection for the last eight years. The rate of the protective duty on imports of starch was stepped up in successive stages from 18 per cent ad valorem to 30 per cent ad valorem, exclusive of the surcharge. The revenue duty on imported farina and sago flour was increased to these identical rates. The present period of protection expires on December 31, 1955 and currently the industry's claim for continuance of protection has come up for investigation before the Tariff Commission. In addition to the protective tariff, the industry is deriving added benefit from the total ban on imports of starch and farina, sago flour and tapioca and tapioca flour since January 1954. The only exception to this general policy is issue of ad hoc licences for import of sago flour for the manufacture of kumkum powder. The major issue which the Tariff Commission has to decide is whether protection should be continued but the Government will have to decide in addition whether the present import policy should be modified.

In so far as the question of protection is concerned, there is no room for divergence of view that it should be continued. The precise rate of tariff is a matter of cost accounting for home manufacture, and estimated c.i.f. price of imported supplies. The demand in the immediate future for starch may be placed at 50,000 tons per annum. Out of 11 units in existence, 6 are in regular production. Out of these 6 again, data are available for 4 large units which disclose that as against their installed capacity of 53,800 tons, their output is 34,800 tons. Taking regular and spasmodic production together, the current home requirements are fully satisfied. The aim of policy should be to enable the units in regular production to consolidate their position. To this end, an added element of strength can be imparted to them if exports of the industry's by-products—gluten, bran, oilcake and maize oil—are allowed freely in response to the overseas demand. In so far as the industry's performance is concerned, it is a stark fact that quality leaves much room for improvement. Inconsistency in quality, absence of homogeneous mixture, variation in appearance from white to cream colour and lower keeping quality are specifically mentioned by industrial users as the major drawbacks. No standards have been evolved by the ISI up to now, but they should be drawn up early to fix minimum quality levels. It would appear that limited imports would produce a healthy effect on the home industry. An important factor for consideration in this context is that the cotton textile industry, the principal consumer of starch, is our vital export industry.

FINANCE THROUGH CAPITAL OR LOANS?

AIR INDIA INTERNATIONAL'S first report after nationalisation for the eight-month period—August 1953 to March 1954—shows in its financial operations a profit of Rs. 18.30 lakhs after providing for depreciation of assets. This figure of profit is likely to be highlighted in contrast with the heavy loss (much of which is explained by specific causes) sustained by the Indian Airlines Corporation. This would be a mistake. To underline the possibility of this error is in no sense to withhold full appreciation from the sound management of Air India International and the high reputation which it has built for this country in international civil aviation. A comparison with the Indian Airlines Corporation would be without any strict basis as the IAC has inherited a legacy of liabilities from some of the nationalised constituent units. But the pertinent point about the precise nature of the profit of Air India International that needs to be highlighted is that it does not give a correct picture of the financial position. The Chairman, Mr. J. R. D. Tata, is quite forthright on this question in the report and he wants the Government to take an early decision in consonance with sound principles governing the finances of business concerns.

Mr. Tata has stressed that this amount of profit of Rs. 18.30 lakhs does not make any provision for interest on the capital of Rs. 194.88 lakhs provided by the Government. Air India International has entered into further commitments of the order of Rs. 530 lakhs for financing capital and other expenditure. The crucial issue of financial policy on which the Government has not so far made any firm decision is from what sources this expenditure on the acquisition of assets is to be met—whether from capital or loans. To provide for the expenditure by means of loans would result in saddling the Corporation with the heavy burden of fixed interest

charges. Interest liability will go on adding to artificial losses undermining the Corporation's financial structure. Mr. Tata has suggested a prudent line of policy: (1) The amount for which assets were acquired on nationalisation should be treated as capital. (2) Costs incurred on replacement of assets in excess of appropriations in the depreciation reserve and sale proceeds of replaced assets should go to add to the Corporation's capital. (3) At least half of the expenditure on expansion should be treated as part of the capital, the other half being financed by withdrawals from reserves built up by the Corporation or partly in this manner and partly by loans.

This policy on finance should find acceptance especially in view of the marginal possibility of air transport industry earning net profits.

PUNJAB NATIONAL'S RAPID STRIDES

IT IS by any test a remarkable achievement that the Punjab National Bank could stage complete recovery within a short span from the staggering blow it received as a consequence of the partition of the country. It is not merely a story of recovery but of rapid expansion thereafter which Mr. Shanti Prasad Jain had the privilege to recall in the course of his presidential address at the 108th ordinary general meeting convened on the occasion of the Bank's diamond jubilee celebration. Hardly any other bank had its structure distorted to the same extent as the Punjab National Bank by the aftermath of partition and the manner in which it was re-invigorated demonstrates its resilience.

Shareholders who had to go without any dividend whatever in the year of partition and to rest content with a return of 4 per cent to 6 per cent up to two years back have the good fortune of a grant of dividend at 12 per cent in 1954. The Bank has fully rehabilitated itself in the confidence of its customers. Its reflection is to be found in an increase of 4.71 per cent in the strength of account-holders in June 1954 over the same month in 1953 which compares with an increase of 3.18 per cent in the case of all other scheduled banks. The other highlights of the bank's operations in 1954 need brief mention. Working capital increased by Rs. 11.38 crores to Rs. 91.16 crores on December 31, 1954. Deposits were up by Rs. 10.33 crores at Rs. 75.64 crores. Loans increased by Rs. 6.85 crores to Rs. 32.40 crores. Profit rose by Rs. 15.07 lakhs to Rs. 56.86 lakhs. The ratio of liquid assets to total deposits was of the order of 66.42 per cent which is more than 11 per cent in excess of the ratio of other scheduled banks. The management is aware of its implication in the case of a bank of its stature and intensive measures are to be adopted to strengthen the loan portfolio. The position of the reserves and other claimants for appropriations has been well maintained. Relations with the staff have been harmonious and the management's attitude in this crucial sector is borne out by a sustained policy of good bonus awards in a period which covers losses. Members of the staff reciprocated the treatment by their restrained behaviour during the country-wide bank strike.

TRADE UNION RECOGNITION

SINCE MR. PARSHOTAMDAS SINGHANIA delivered his address before the annual session of the Employers' Association of Northern India last week, the labour situation in the cotton textile industry at Kanpur has moved fast and led to a grave crisis. Some implications of the strike have been analysed elsewhere in this issue. One aspect of far-reaching significance to the trade union movement in this country, which emerges in a conspicuous manner from this strike, is the ease and licence with which labour leadership, interested in advancing its political objectives, can upset industrial peace with the least sense of responsibility. It is amazing that a decision to launch a strike, involving 50,000 workers, can be taken at the instance of a trade union claiming no more than a membership of 3,000.

The paradox of the situation springs from the anomaly that trade union leadership happens to be drawn in this country not from the rank and file of labour, in which case genuine interests of labour would guide the actions and decisions of the leadership, but from intellectuals who can lay no pretence to belonging to the working class. They have their own axe to grind and control of trade union machinery comes as a convenient handle to promote their political ends. One method by which elimination of extraneous leadership can be secured in some measure is to make recognition of trade unions by State Governments obligatory. Another wholesome effect of this vital reform will be to remove any sanction from the present compulsion on managements to accord recognition to a multiplicity of trade unions, all claiming to represent the unit and pulling in any direction they consider opportune in the exigencies of particular situations. The attitude of the Government of India on this issue calls for serious revision.

ELECTRIC LAMPS

THE ELECTRIC lamp manufacturing industry in this country is of recent origin. Limited development of electric power generation has so far put severe restrictions on the demand for lamps, but it should be intensified as the multi-purpose river projects get under way. The industrial townships planned to be developed in the coming years and house-building projects provided for on an extensive scale can be depended upon to give a fillip to this young industry.

It appears, however, that the Chairman of the Indian Lamp Factories Association, Mr. B. K. Rohatgi, is essentially concerned over the prospect in the immediate future. In his speech at the last annual general meeting of the Association, he made out a case for what he calls caution against over-optimism in estimating the demand for the industry's products. He pleads for continuance of the restriction on production at the rate of 12½ per cent below capacity for another year on the plea that the idle installed capacity of the order of 5 million pieces cannot be pressed into service. In view of the fresh levy of excise duty on electric lamps imposed this year, the industry is likely to have to face rough weather. In regard to expansion during the second Five-Year Plan, the Chairman is far from clear as to the form which the development of the industry should take. He puts the additional demand at the modest figure of 15 million pieces. The capacity which is currently lying idle will have been employed fully in the course of the next two years or thereabout. He is silent on the specific point whether the additional demand should be satisfied by the expansion and multiple-shift working of the existing units or whether new units should be set up. The case for the first course is weak inasmuch as it will give rise to undesirable results following concentration and practical reservation of production. The Development Council on Light Electric Industries should take a wider view on this issue.

COMPANY AFFAIRS

BELSUND SUGAR

Floods in the cane area coupled with the diversion of cane to gur making has meant over 50 per cent reduction in the maundage of cane crushed by the Belsund Sugar Co., Ltd., during its accounting year ended September 30, 1954, which in turn has resulted in lower profits of Rs. 1.29 lakhs compared to Rs. 3.24 lakhs of the preceding year.

It took the Company 73 days of actual crushing time to get an yield of 1.39 lakh maunds of sugar from 13.07 lakh maunds of cane as against 153 days in the preceding year when 28.34 lakh maunds were crushed into 2.99 lakh maunds of sugar. There was, however, an increase in percentage recovery from 10.54 to 10.73.

Notwithstanding a huge reduction in stocks from Rs. 21.0 lakhs in the previous year to only Rs. 5.74 lakhs at the end of the year under review, the sales figure stands low at Rs. 57.59 lakhs compared to Rs. 88.78 lakhs for the previous year, a downturn of 35 per cent.

In spite of the overall unfavourable position, the Company has maintained the previous two years' rate of dividend on ordinary shares at 10 per cent.

The working results of the Company for the last three years is summarised below:

(In rupees lakhs)

Year Ended September 30	1952	1953	1954
Sales	68.24	88.78	57.59
Stock	28.16	21.00	5.74
Cost and Transport of Cane	50.55	46.34	23.27
Manufacturing expenses	7.90	6.53	3.47
Number of days*	133	153	73
Cane Crushed (lakh maunds)	23.13	28.34	13.07
Sugar Made (lakh maunds)	2.51	2.99	1.39
Yield percentage of Cane	10.86	10.54	10.73
Net Profit**	4.08	3.24	1.29
Depreciation fund	1.53	1.79	1.66
Provision for Taxation	3.25	2.90	0.10
Ordinary Dividend (Rate per cent per annum)	10	10	10

* Actual worked crushing time.
** After providing for depreciation and taxation.

SHREE KRISHNA GYANODAY

With a steep fall around 50 per cent from the previous year's figures both in the cane crushed and sugar produced during the year ended July 1954, Shree Krishna Gyanoday Sugar Ltd.'s profits at Rs. 3.98 lakhs are less than half of the preceding year's Rs. 8.65 lakhs. Stocks stand reduced from Rs. 93.02 lakhs in 1952-53 to Rs. 24.75 lakhs in 1953-54 which accounts for the rise in sales from Rs. 151.97 lakhs to Rs. 189.94 lakhs during the same periods.

Raw materials, stores and general expenses have cost the Company Rs. 74.63 lakhs during the year under review as compared to Rs. 123.78 lakhs in the previous year. Provision for depreciation has also been cut down to Rs. 2.20 lakhs from Rs. 6.03 lakhs in 1952-53. The ordinary dividend has, however, remained constant at 15 per cent for the last three years.

The production of Power Alcohol and Spirits during the year at 9.4 lakh bulk gallons as compared to 7.3 lakhs bulk gallons in the preceding year was the highest ever since the start of the distillery, though the financial position is believed to improve only with the expected appreciation in the price of power alcohol.

The Directors are hopeful of better prospects in future when the overall position is expected to improve.

Given below is the summarised picture of the working of the Company for the last two years.

(In rupees lakhs)

Year Ended July 31	1953	1954
Net Sales	151.97	189.94
Stocks	93.02	24.75
Raw materials, stores and general expenses	123.78	74.63
Salaries and wages	9.55	9.49
Cane crushed (lakh mds.)	64.58	32.47
Sugar produced (lakh mds.)	6.42	3.16
Recovery (per cent)	9.97	9.75
Net Profit*	8.65	3.98
Depreciation	6.03	2.20
Ordinary dividend (rate per cent per annum)	15	15

* Subject to taxation, after providing for depreciation.

THE MODERN MILLS

The operations of the Modern Mills Ltd., for the year ended October 31, 1954, show substantial progress. Sales for the year are at Rs. 171.53 lakhs as against Rs. 146.82 lakhs of last year, recording an increase of 16.8 per cent. Profits before providing for taxation and depreciation have more than doubled from Rs. 2.58 lakhs last year to Rs. 6.37 lakhs in the year under report. With a fall of Rs. 6 lakhs the stock position at Rs. 96.56 lakhs also shows marginal improvement. There is a slight fall in the provision for depreciation of Rs. 5.91 lakhs compared to the previous year's Rs. 6.15 lakhs.

In the purchase portfolio, while stores and fuel oil have remained unchanged at Rs. 14.96 lakhs, there has been considerable increase in cotton, which has gone up by Rs. 15.73 lakhs to Rs. 85.56 lakhs. The modified quantum of bonus for 1952 and the increased rate of dearness allowance to workers during the year has taken away another Rs. 3.68 lakhs. In view of a dispute pending with the Bombay Industrial Tribunal, no provision has been made for bonus for 1953.

The draft on Reserves has been slashed down and a dividend of 10 per cent on ordinary shares has been kept level with the preceding two years.

The relative position for three years is tabulated below:

(In rupees lakhs)

Year Ended October 31	1952	1953	1954
Sales	163.92	146.82	171.53
Stocks	106.03	102.56	96.56
Cost of Cotton	124.85	69.83	85.56
Cost of Stores and Fuel Oil	13.61	14.70	14.96
Salaries and Wages	21.54	23.05	21.82
Net Profit*	3.15	2.58	6.37
Provision for Depreciation	0.75	6.15	5.91
Balance Carried Forward	0.24	0.12	0.16
Dividend on Ordinary Shares (Rate per cent per annum)	10	10	10

* Subject to provision for depreciation and taxation.

COMMODITY NEWS AND NOTES

EXPORT OF OILS AND OILCAKES

The Government of India has reviewed the export policy of oils and oilcakes and decided that, with immediate effect, the export of cotton seed oil and sesamum oil should be licensed freely for shipment up to the end of July 1955, states a Press note issued on April 30. By a separate notification issued simultaneously, the Government of India has abolished the export duty on cotton seed oil and reduced the duty on sesamum oil from Rs. 300 per ton to Rs. 75 per ton. It has also been decided to release a small quantity of sesamum seed for export. The present level of duty which is Rs. 150 per ton will remain unchanged. Exports will be licensed freely for shipment till the end of July.

By another notification, the duty on decorticated and undecorticated cotton seed oilcakes has been reduced from Rs. 100 and Rs. 50 per ton, respectively, to a uniform level of Rs. 30 per ton, whereas the export duty on niger seed cake, kardi seed cake and castor seed cake has been abolished. The duty of Rs. 50 per ton on the remaining cakes, namely, linseed cake, sesamum cake and mustard cake will remain unchanged. Except in the case of linseed cake, exports of all the above cakes will be licensed freely up to ceilings previously announced for shipment up to the end of July. The quota earlier released for export of linseed cake has already been exhausted. There will be no change in the existing level of duty on groundnut oilcake and meal.

GROUNDNUT EXPORT

The Union Government has earmarked a quota of 5,000 tons of H.P.S. groundnut for export by co-operative societies out of a total quota of 15,000 tons to be licensed for export to all permissible destinations, excluding the Portuguese possessions in India till the end of July 1955. The Joint Chief Controller of Exports, Bombay, in a statement on April 29, said, that co-operative societies of growers of groundnuts interested in export of H.P.S. groundnuts should submit their applications on or before May 17, through the State Governments concerned along with their recommendations.

Their applications should also contain particulars regarding the number of members comprising the society, total acreage under cultivation of groundnuts and whether they were registered or not. The quota of 10,000 tons for export by established shippers would be allotted at the rate of 45 per cent of their basic year exports. Established shippers of groundnuts during 1949 or 1950 would also receive allotments. By another notification, the export control office in Bombay announced that the lapsed quantity of kardi seed and niger seed released for export, had been exhausted and that no applications for export licences would be entertained.

FOOD EXPORTS

India received 6,078 tons of food grains from abroad during the week ended April 27. The total arrivals since January 1, 1955, are: Wheat, 2,56,570 tons; rice, 2,42,290 tons.

CANE SUPPLY POLICY

The Government has decided to link the minimum price of sugarcane with the recovery of sugar from cane during May when the current sugarcane crushing season is expected to close. The minimum price which the factories are to pay is fixed for the season every year. The prices this season have been fixed at Rs. 1-7 per maund at the factory, and Rs. 1-5 per maund otherwise. The decision has been taken on the ground that recovery of sugar from cane goes down considerably after the end of April due to heat and that it has to be made economical for the factories to crush all cane available in spite of the low recovery. In U.P. alone, factories have crushed so far about 21 crore maunds of cane and by the end of May, another three crore maunds would have been crushed. The all-India production of sugar this year is expected to be 14 lakh tons, against 10 lakh tons last year.

CURBING WHEAT SLUMP

The Government of India has decided to stop the sale of imported wheat in Calcutta and Bombay with immediate effect. This is stated to be one of the few important measures which the Government is taking to provide further support to the price of wheat in internal markets. This action is expected to increase the demand for indigenous wheat by at least 60,000 tons per month. Government had earlier announced its decision to purchase wheat in selected 'mandis' from the cultivators if the price went below the level of Rs. 10 per maund.

In order to implement that decision, a number of purchasing agents are being engaged immediately at selected markets by the Union Ministry of Food and Agriculture, in addition to those appointed by the Governments of the principal wheat-growing States. This additional agency will enable the Central Government to effect purchases from agriculturists with expedition and on a wider scale. Markets selected at present for this direct appointment of agents are: Hapur, Chandausi, Muzaffarnagar, Saharanpur, Bikaner and Moga. More 'mandis' will be covered later, if necessary. The State Governments, which have already been advanced a sum of Rs. 12 crores for the purchase of wheat with a view to stabilising prices, are appointing more than 400 agents for operating at about 200 'mandis'.

The Government has also decided to double the limit of purchase of wheat by flour mills in Bombay and Calcutta. This is expected to raise the consumption by two lakh tons during the next six months. It is also reported that further liberalisation of the export of wheat products is under consideration. These decisions will be welcomed in view of the fact that the bumper wheat harvest has started entering the markets, considerably augmenting existing stocks.

It is hereby notified for the information of commercial firms in India that those who wish to obtain commercial information about Argentina can write directly to:

Ministerio de Comercio

Dirección General de Exportación e Importación

Servicio de Asesoramiento y Orientación

BUENOS AIRES (ARGENTINE REPUBLIC)

who will give all details at the earliest possible opportunity by Air Mail.

Company Meeting

THE PUNJAB NATIONAL BANK LIMITED

The following is the summary of the speech delivered by Shri Shanti Prasad Jain, Chairman, the Punjab National Bank Ltd., Delhi, at the 108th Ordinary General Meeting of the Shareholders held on the 12th day of April, 1955, at the Head Office of the Bank, 8, Underhill Road, Delhi.

The Chairman described the occasion as a momentous one in the history of the Bank for it was on that day, 60 years ago, that a few enterprising patriotic individuals established the Punjab National Bank. Reviewing briefly the history of the Bank he paid glowing tributes to Sardar Dayal Singh Majithia, Lala Harkishan Lal, Lala Lajpat Rai, Babu Purushottam Das Tandon, and other Chairmen and Directors who had made valuable contribution in the building up of the Bank.

Commenting upon the audited Balance-Sheet and Profit and Loss Account for the year 1954, Shri Shanti Prasad stated that the working capital of the Bank as on the last day of the year was Rs. 91.16 crores which represented an increase of Rs. 11.38 crores over the previous year. Deposits aggregated to Rs. 75.64 crores which showed a gain of Rs. 10.33 crores over 1953. The increase in deposits during the year worked out to 15.82 per cent as against 10.85 per cent in case of other Scheduled banks. The percentage increase in the number of depositors during the year worked out to 4.71 as against 3.18 in case of other Scheduled banks. This was a testimony of the growing faith and confidence of the people in the Bank and its management.

Loans at Rs. 32.40 crores were higher by Rs. 6.85 crores as compared with the previous year. The percentage of loans to deposits worked out at 42.83 as against 55.80 in case of other Scheduled banks, which fact showed that the Bank could increase its advances further substantially. The Chairman continued that in order to ensure increased utilisation of Bank's resources in export and import trade of the country, the Foreign Exchange Department of the Bank had been reorganised and expanded.

On the Assets side of the Balance-Sheet the figures indicated a strong liquid position. Assets in cash, bank balances, money at call and short notice, investment in Government and Trustee securities, bills discounted and purchased, totalled to Rs. 50,23,67,136 which represented 66.42 per cent of deposits of the Bank against 55.39 per cent in case of other Scheduled banks.

STRONG POSITION

Speaking about the profits and their appropriation, Shri Jain said that transactions for the year had resulted in a profit of Rs. 56.86 lakhs including a sum of Rs. 3,10,289, brought forward from the previous year's account against a profit of Rs. 41.79 lakhs last year. Out of these profits, the following appropriations were made: Rs. 16 lakhs for taxation; Rs. 12.5 lakhs for contingency reserve; Rs. 40,000 for charity; Rs. 2,47,140 for reserve fund raising it to Rs. 92.5 lakhs; Rs. 50,000 to staff gratuity account; Rs. 9.5 lakhs for bonus to staff and Rs. 10.5 lakhs for dividend at 12 per cent per annum to the shareholders. These appropriations left a sum of Rs. 4,99,040 to be carried forward to next year's account.

Speaking about the staff the Chairman said that the staff on the rolls of the Bank numbered 6,265 on December 31, 1954. The establishment expenses for the year amounted to Rs. 1,46,59,993 giving an average of Rs. 2,340 as yearly salary paid per head. This figure for the year 1950 was Rs. 1,951 only. The bonus paid to the staff during 1954 was Rs. 9,50,000 as against Rs. 7,50,000 in 1953, Rs. 5,48,462 in 1952 and Rs. 3,77,201 in 1951. In order to give improved and quick service to the constituents, modern banking methods were being studied and a training school had been started at the head office of the Bank to equip the officer staff with better knowledge and broader outlook.

Shri Jain added that the Bank placed at the disposal of its clients a chain of properly equipped safe deposit vaults. There were 94 safe deposit vaults with 40,568 lockers as on 31-12-1954 in different branches of the Bank.

AVADI RESOLUTION

Making a few observations about the achievements of Indian economy during the last few years, the Chairman said that efforts in various fields of activity had steadied the economic forces and the disequilibrium and inflationary trends that appeared to gather momentum after independence had been rectified as a result of increased agricultural and industrial production. There had been a gradual fall in prices. The contribution made by the private industrial sector in these achievements was commendable. He continued that on objectives there was certainly no difference in this country. The common aim was to create more and more wealth and ensure its equitable distribution. Referring to the Avadi resolution on the socialistic pattern of economy, he observed that it was in accordance with the common objectives. The socialistic pattern envisaged in the resolution did not imply State ownership of the means of production, but an economy maintaining efficiency in productive mechanism; and both public and private sectors working to give to the common man increased opportunities for work and higher standard of living within his life time. If the socialistic pattern did not generate a rate of developmental activity which gave to the community the desired advancement, the common man would consider it as sentimental philosophy. The people should have minimum requirements of living standards and amenities in respect of medical attention and education etc. This was outside the means of existing national income. Our national income had to be multiplied many times for which there has to be tremendous all-round activity. As maximum production of goods and services was the need of the times, the country's advancement would be slowed down if instead of doing everything possible to stimulate developmental activity, sluices were built all round. It would be pertinent to recall the strong plea, made by the private industrial sector on the eve of the first Five-Year Plan that a bolder plan and accelerated pace of development

would have been the only method of creating greater employment. However, subsequent events had proved beyond doubt that cautious expenditure caused by fears of inflationary spirals had not been called for. The Chairman said: "We are again at a crucial stage. There must be clear lead; otherwise we shall find that we have got into the wrong bus to reach the intended destination."

The Chairman did not favour the Taxation Enquiry Committee's recommendations to tax consumption in order to channelise savings for development expenditure. The capital formation need not arise wholly through restrictions on consumption. According to recent studies of a research institute, during the last three years consumption expenditure had risen by about 9 per cent while capital formation had approximately doubled. Shri Jain called the attention of the authorities to this analysis and stated that in western countries of Europe where full employment existed, there were no restrictions on consumption to create developmental activity.

UNEMPLOYMENT PROBLEM

Speaking about the unemployment problem in the country the Chairman stated that there was partial unemployment among the agricultural population and large-scale unemployment among the educated. The unemployed also included those who had courage, enterprise, skill and were prepared to take risks but lacked capital. As the country aimed at broad-based economy, such intelligent unemployed had to be given an opportunity. The State must see that this enterprising section of intelligentsia were equipped with the required capital by the financial institutions of the country.

The Chairman said that much hope had been raised by the appointment of various committees to assist development by giving aid to the private sector. In this connection he referred to the Shroff Committee and its off-shoot, the Handoo Committee report and the promotion of the Development Corporation which is intended to help the private sector and create an atmosphere conducive to development activity. After the noise that the reports had made, these had been laid to rest. Such reports had no significance unless their intent was fully implemented and given a concrete shape. He also referred to the report of the Rural Credit Enquiry Committee which promised to provide credit to the cultivator through the medium of nationalised banks. The extent of the resources that the Reserve Bank would place at the disposal of the nationalised banks was not known and had probably not been worked out. There was also no information about the machinery through and the basis on which the credit would reach the cultivator.

PRODUCTION TRENDS

Striking a note of optimism about the future of the country, he said that agricultural production would further go up with the completion of various irrigation projects. Industrial production was also sure to keep its upward trend. Although the rate of increase in production statistically compared favourably with the position in foreign countries, he did not consider it satisfactory and sufficient for meeting the expanding needs of our people.

The Chairman was anxious that the Punjab National Bank should provide credit to industry, trade and consumer in a bigger way. The list of securities for loans was proposed to be enlarged so that financial accommodation could be extended to small manufacturers after proper scrutiny of their assets. In the internal market the Bank might finance sales on instalment basis which had proved so profitable and useful to American economy.

He further said that as regards banking habit, the country was indeed backward as compared with other advanced countries. The deposits of our Scheduled banks formed only 78 per cent of currency in circulation whereas they were about four times of currency in circulation in U.K. and U.S.A. With the improvement in economic prosperity for which efforts on national scale were afoot, further development of banking would surely take place. In this context Shri Jain referred to one or two points from the Shroff Committee report. The first was the desirability of making issuance of cheques on a bank without funds a criminal offence. The second point was that of maintaining the secrecy of bank-customer relations. These points, he felt, should receive the attention of the Reserve Bank and the Government for further consideration. Referring to the order of the Government that the funds of quasi-Government institutions etc. could only be deposited with the Imperial Bank of India, he suggested that the Government should draw a list of approved banks for this purpose instead of prohibiting operations as they had done. Expressing his abiding faith in the economy of the country, he said, "even the most pessimistic must feel optimistic about the future destiny of our country and the material well-being of our people. In this task of building up of our country, may it be the destiny of our Bank to play its rightful part gloriously as it has endeavoured to do during the last 60 years."

Before concluding Shri Shanti Prasad Jain thanked all the constituents of the Bank, Directors of the General Board, and local Advisory Committees for their continued confidence and co-operation. Making a special mention of the work done by Shri B. N. Puri he said: "To our General Manager, Shri B. N. Puri, genuine appreciation is due for his zeal, organising ability and drive. But for his invaluable assistance and the loyal and unstinting labours of the officers and the staff, I would not have been in a position today to report to you as I have done about the increasing strength, stability and prestige of your Bank"



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327 3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	109.6	87.4	95.7
1954-55 ..	316.1	436.5	350 5	377.3	614.0	377.7	90.5	100.7	88.4	113.6
June 1954 ..	343.2	441.0	355 6	378.7	647.3	381.6	90 8	100.9	88.5	106.9
July ,, c ..	355.5	423 2	354 2	376.6	636 0	381.8	90.8	100 5	89 0	110.6
August ,, c ..	362.4	420.9	351 9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353 3	377.7*	607.8	384.4*	90.4	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351 8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.2	114.2
February ,, c ..	304 3	436.2	339.5	376.8	558.5	361.4	90.6	101.7	87.4	115.4
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
Week Ending										
19-3-1955 ..	296.5	406.3	332.1	376.1	554.9	352.3	90.6	100.6	87.2	115.8
26-3-1955 ..	293.0	400.1	332.0	374.5	545.6	349.3	90.6	100.6	87 4	115.8
2-4-1955 ..	295.3	403.4	329.5*	376.1*	546.7	350.6*	90.6	100.6	87.5	115.6
9-4-1955 ..	286.4	400.4*	326.9	376.1	543.0	346.4*	90.5	100.6	87.3	115.8
16-4-1955 ..	282.4	396.9	327.7	375.3	539.8	344.2	90.5	100.6	87.3	115.7

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	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	358	217	135	321	369	370	128	337	144	135	134
1955 January	335	352	210	132	324	372	—	—	333	141	—	—
February	328	345	207	128	310	384	—	—	326	—	—	—
March	—	—	—	127	—	—	—	—	321	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	30-4-1955			23-4-1955			16-4-1955			9-4-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	98-13	96-10	97-11	97- 5	96- 2	96- 9	96-14	95- 1	95 14	94-13	93- 3	94- 2
Silver (per 100 fine tolas)	171- 2	169- 5	170- 0	169- 1	166- 5	167- 9	167- 0	165- 2	166- 6	166- 8	165- 6	166- 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	58.31	57,21	438,47	1,180,40
1951-52*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,95	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
Week Ending										
18-3-1955	1,277,18	15,28	1,292,45	40,02	643,47	683,39	52.88	101,64	507,43	1,292,45
25-3-1955	1,277,09	15,92	1,293,02	40,02	646,85	686,87	53.12	102,20	503,95	1,293,02
1-4-1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1,302,84
8-4-1955	1,322,77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1 316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105,84	533,75	1,341,59

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47.24	2.62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	260,81	3,36	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,66	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,61
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13.84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,45	28,36	65,38	34,25	230,41	16.89	257,31	23,63	4,29	107,98	67	17,94	96,81	6,07
November ,,	87,01	16,94	73,44	34,42	211,82	18.26	240,08	19,93	3,39	102,07	1,41	13,76	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20.95	196,69	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	54,26	16,81	56,78	34,15	152,99	26.13	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29.58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
18-3-1955	67,95	53,42	47,72	22,08	191,17	30,00	231,17	15,52	8,71	88,77†	95	56,32	50,17	21 16
25-3-1955	59,45	60,27	47,72	21,53	188,97	29,86	228,83	16,22	10,37	83,15†	45	47,87	49,38	21,39
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32.01	196,45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21
15-4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33,94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33,46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51

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

THE EASTERN ECONOMIST

INDEX OF

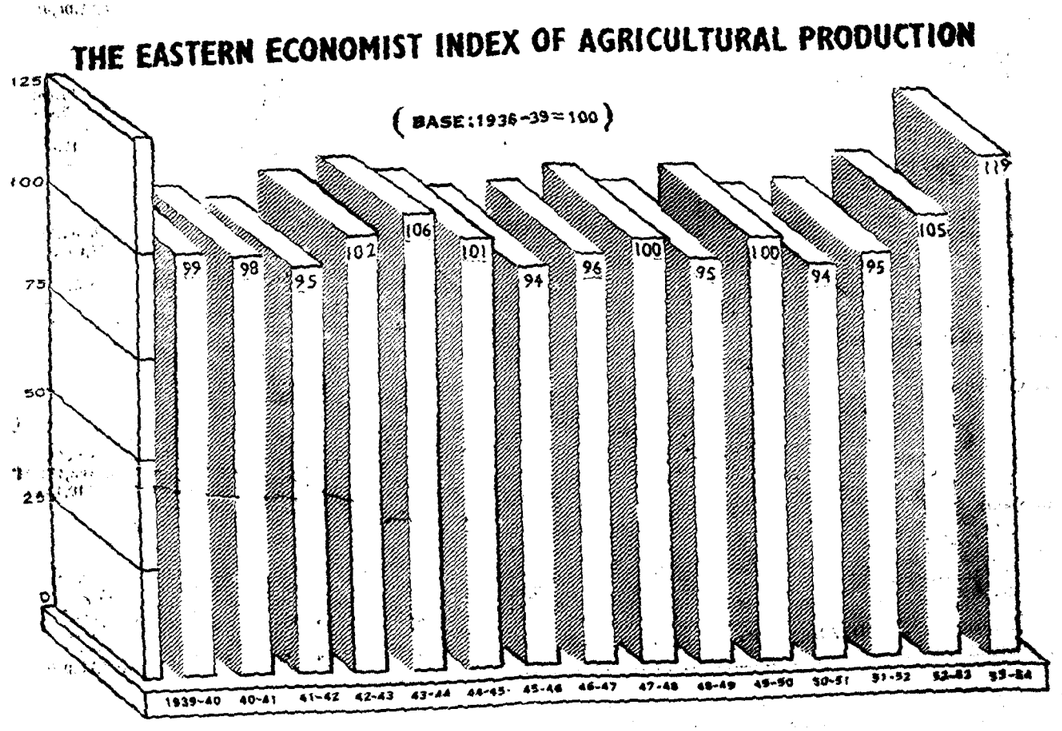
INDIAN AGRICULTURAL PRODUCTION

(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	96	97	84	67	77	77	66	87	82	92	99
Millets ..	99	99	112	111	114	99	99	108	89	99	93	96	111	136
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**	**105**
Cotton ..	89	109	76	89	54	52	51	54	46	65	72	77	75	97
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	93	106	102	88	88	81	88	84	108	113	110	113	132
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	93	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**	**130**
Sugarcane ..	90	83	100	114	106	102	110	131	109	111	126	136	118	115
Tobacco ..	100	103	86	75	93	97	79	69	75	78	76	81	64	75
Tea ..	105	119	113	135	121	136	147	152	156	158	158	164	162	164
Coffee ..	97	112	102	108	108	159	96	99	139	128	116	130	142	172
General Index ..	**99**	**95**	**102**	**106**	**101**	**94**	**96**	**100**	**95**	**100**	**94**	**95**	**105**	**119**

p-Provisional.

(*) Revised.



CENSUS OF MANUFACTURING INDUSTRIES, 1952

PAPER AND PAPER BOARD

Item		Bombay	West Bengal	Madras	Uttar Pradesh	Bihar, Punjab and Orissa	Total
1. Number of factories employing 20 or more workers and using power—							
a. In existence ..		15	14	4	5	5	43
b From which returns were received		14	9	4	5	4	36
c Percentage of (b) to (a) ..		93	64	100	100	80	84
2. Average number of days worked ..		272	289	231	332	324	284
3. Productive Capital employed—							
a. Fixed Capital—							
i. Land	Rs.	91,432	18,04,161	36,036	1,21,678	24,53,138	45,06,445
ii. Buildings	Rs.	35,75,131	1,37,14,067	6,36,161	23,13,529	55,08,359	2,57,47,247
iii. Plant and machinery	Rs.	50,32,083	3,14,07,369	15,01,431	38,75,695	2,27,58,032	6,45,74,610
iv. Other fixed assets	Rs.	4,36,688	14,38,451	87,748	2,74,611	23,65,500	46,02,998
TOTAL	Rs.	91,35,334	4,83,64,048	22,61,376	65,85,513	3,30,85,029	9,94,31,300
b. Working Capital—							
i. Stocks of raw materials	Rs.	14,69,331	2,78,80,672	13,70,504	33,43,953	1,10,92,665	4,51,57,125
ii. Stocks of finished products and by-products	Rs.	17,41,211	22,46,589	6,19,509	12,44,523	25,75,234	84,27,066
iii. Semi-finished products in stock or in process	Rs.	73,165	6,03,027	32,303	13,494	9,73,323	16,95,312
vi. Cash in hand and at the banks	Rs.	21,57,764	25,24,940	348	8,88,390	73,24,156	1,28,95,598
TOTAL	Rs.	54,41,471	3,32,55,228	20,22,664	54,90,360	2,19,65,378	6,81,75,101
Total Productive Capital	Rs.	1,45,76,805	8,16,19,276	42,84,040	1,20,75,873	5,50,50,407	16,76,06,401
4. Number of persons employed—							
a. Workers	Rs.	2,553	8,132	505	1,816	4,436	17,442
b. Persons other than workers	Rs.	288	1,153	99	179	695	2,414
TOTAL	Rs.	2,841	9,285	604	1,995	5,131	19,856
5. Salaries and wages paid—							
a. Workers	Rs.	20,25,289	1,01,50,270	2,34,532	17,79,573	50,94,679	1,92,84,343
b. Persons other than workers	Rs.	4,92,838	39,03,615	93,375	3,54,588	28,56,799	77,01,215
c. Money Value of other benefits or privileges	Rs.	29,472	6,99,082	..	28,415	70,863	8,27,832
TOTAL	Rs.	25,47,599	1,47,52,967	3,27,907	21,62,576	80,22,341	2,78,13,390
6. Fuels, Electricity, Lubricants, etc , consumed—							
a. Quantity—							
i. Coal	Ton	14,543	242,650	9,526	33,397	143,884	444,000
ii. Electricity	K.W.H.	6,751,598	30,902,510	81,768	5,972,725	7,459,618	51,168,219
iii. Lubricating oils	Gallon	20,315	58,523	2,181	5,916	23,198	110,133
b. Value—							
i. Coal	Rs.	5,65,177	56,97,741	3,26,068	9,98,668	35,67,444	1,11,55,098
ii. Electricity	Rs.	3,89,233	10,53,803	4,423	3,13,489	4,66,226	22,27,174
iii. Lubricating oils	Rs.	80,151	3,20,121	7,230	25,354	1,12,012	5,44,868
iv. Other	Rs.	4,67,677	1,29,638	15,426	1,03,677	1,81,502	8,97,920
TOTAL	Rs.	15,02,238	72,01,303	3,53,147	14,41,188	43,27,184	1,48,25,060

CENSUS OF MANUFACTURING INDUSTRIES, 1952—*contd.*

PAPER AND PAPER BOARD—*contd.*

Item		Bombay	West Bengal	Madras	Uttar Pradesh	Bihar, Punjab and Orissa	Total
7. Materials consumed—							
a. Quantity—							
i. Grass	Ton	2,362	11,882	..	15,064	19,888	49,196
ii. Bamboo	Ton	..	113,308	1,535	9	61,859	176,711
iii. Waste paper	Ton	9,531	3,605	1,731	636	844	16,347
iv. Caustic soda	Ton	40	6,284	114	601	6,279	13,318
b. Value—							
i. Grass	Rs.	2,27,464	15,01,195	..	18,58,510	18,09,842	53,97,011
ii. Bamboo	Rs.	..	1,10,18,054	1,17,061	909	45,36,453	1,56,72,477
iii. Waste paper	Rs.	22,29,536	11,12,879	3,83,521	2,07,333	2,43,073	41,76,342
iv. Caustic soda	Rs.	29,803	32,61,308	86,933	3,18,007	44,97,286	81,93,337
v. Others	Rs.	32,53,868	2,29,05,980	17,91,689	31,96,480	2,46,82,957	5,58,30,974
TOTAL	Rs.	57,40,671	3,97,99,416	23,79,204	55,81,239	3,57,69,611	8,92,70,141
8. Amount paid to other concerns for work done for factory.	Rs.	27,313	7,49,493	..	..	71,850	8,48,656
9. Production—							
a. Quantity—							
1. Paper—							
a. Writing and printing (except newsprint)	Ton	4,473	44,969	1,224	5,303	23,648	79,617
b. Wrapping	Ton	1,224	1,556	1,195	568	11,328	15,871
c. Other	Ton	611	3,994	..	69	327	5,001
TOTAL	Ton	6,308	50,519	2,419	5,940	35,303	100,489
2. Boards—							
a. Pulp	Ton	1	5,764	..	..	2,927	8,692
b. Duplex	Ton	..	..	..	..	10,048	10,048
c. Others	Ton	10,250	1,937	12	8,974	1,708	22,881
TOTAL	Ton	10,251	7,701	12	8,974	14,683	41,621
Total Paper and Paper-board	Ton	16,559	58,220	2,431	14,914	46,986	142,110
b. Value—							
1. Paper—							
a. Writing and printing (except newsprint)	Rs.	57,05,249	5,86,81,371	14,35,359	69,83,609	3,15,06,587	10,43,12,175
b. Wrapping	Rs.	12,46,395	18,47,570	19,89,740	6,34,237	1,42,92,355	2,00,10,297
c. Others	Rs.	8,13,604	1,03,30,849	..	1,04,820	5,47,283	1,17,96,556
TOTAL	Rs.	77,65 248	7,08,59,790	34,25,099	77,22,666	4,63,46,225	13,61,19,028
2. Boards—							
a. Pulp	Rs.	773	78,10,565	..	..	26,34,102	1,04,45,440
b. Duplex	Rs.	..	..	..	..	10,048	10,048
c. Others	Rs.	52,04,975	11,85,003	6,278	46,78,844	1,67,09,290	2,77,84,390
TOTAL	Rs.	52,05,748	89,95,568	6,278	46,78,844	1,93,53,440	3,82,39,878
Total Paper and Paper-board	Rs.	1,29,70,996	7,98,55,358	34,31,377	1,24,01,510	6,56,99,665	17,43,58,906
3. Other products	Rs.	14 986	..	4,47,546	..	57,73,498	62,36,030
TOTAL	Rs.	1,29,85,982	7,98,55,358	38,78,923	1,24,01,510	7,14,73,163	18,05,94,936
10. Amount received from others for work done for them	Rs.	..	23,151	4,148	..	..	27,299
11. Value added by manufacture—							
i. Ex-factory value of products and work done for customers	Rs.	1,25,54,669	7,98,69,195	37,91,311	1,23,79,207	7,14,73,163	18,00,67,545
ii. Value at factory of materials, fuels, etc., consumed and work done for factory by other concerns (*including* the value of semi-finsihed products or finished parts manufactured earlier but consumed during the year,	Rs.	75,96,671	4,79,50,588	27,58,008	72,04,234	4,01,32,708	10,56,42,209
iii. Depreciation	Rs.	7,08,167	39,12,750	1,87,212	5,19,721	26,93,150	80,21,000
iv. Value added by manufacture [i—(ii+iii)]	Rs.	42,49,831	2,80,05,857	8,46,091	46,55,252	2,86,47,305	6,64,04,336

THE MAHALANOBIS PLAN

TARGETS OF PRODUCTION FOR THE SECOND FIVE-YEAR PLAN: 1956-57 to 1960-61

Name of item	Unit	Actuals		Provisional estimates		
		1950-51	1953-54	1955-56	1960-61	Percentage Increase
Factory producer goods						
1 Electricity ..	M kw	2.3	2.8	3.5	6.0	71
2 Coal ..	M tons	32	36	37	60.0	62
3 Synthetic petrol ..	Th tons	nil	nil	nil	300	..
4 Steel ..	M tons	1.1	1.1	1.3	5.0	285
5 Pig iron (for foundries) ..	M tons	..	..	0.4	1.8	350
6 Iron ore ..	M tons	3	4	4	13	225
7 Aluminium ..	Th tons	3.7	3.8	5	40	700
8 Manganese ore ..	M tons	1	2	2	3.5	75
9 Cement ..	M tons	2.7	4.0	4.6	10.0	108
10 Fertilizers						
a. Nitrogenous ..	Th tons nitrogen	9.2	61.4	90	560	300
b. Superphosphates ..	Th tons	55	66	100	200	100
11 Heavy chemicals:						
a. Sulphuric acid ..	Th tons	99	120	150	450	200
b. Soda ash ..	,,	45	56	75	200	167
c. Caustic soda ..	,,	11	25	33	100	203
12 Heavy machinery to fabricate plants						
a. Steel and producer goods ..	investment Rs. crores	nil	nil	nil	150	..
b. Electrical equipment ..	,,	nil	nil	nil	40	..
c. Consumer goods ..	index	..	..	100	200	100
13 Railway rolling stock						
a. Locomotives ..	nos	..	86	100	400	300
b. Wagons ..	,,	1095	6892	7000	20000	186
c. Passenger coaches ..	,,	479	786	800	2900	150
14 Jute textiles ..	Th tons	892	864	1000	1200	20
Factory consumer goods						
15 Cotton textiles ..	M yds	3718	4906	5000	5500	10
16 Woolen textiles ..	M lbs	18	20	20	25	25
17 Sugar ..	M tons	1.1	1.1	1.4	2.1	50
18 Vegetable oil ..	M tons	1.2	1.4	1.5	2.0	33
19 Paper ..	Th tons	114	137	140	200	43
20 Bicycles ..	Thousand	101	290	500	1000	100
21 Sewing machines ..	,,	33	68	90	150	67
22 Electrical goods ..	index	..	..	100	166	66
Hand-made consumer goods						
23 Khadi and hand-loom ..	M yds	742	1200	1600	3200	100
24 Soap ..	Th tons	..	..	28	40	43
25 Footwear ..	M pairs	..	..	80	100	25
26 Food industries ..	index	..	..	100	120	20
27 Metalwares ..	,,	..	..	100	133	33

Name of item	Unit	Actuals		Provisional Estimates		
		1950-51	1953-54	1955-56	1960-61	Percentage Increase
Agricultural and Associated Pursuits						
28 Cereals	M. tons	41.7	56.1	56	63	13
29 Pulses and grams	,,	8.3	9.6	10	13	30
30 Total foodgrains	,,	50.0	65.0	66	76	15
31 Oilseeds	M. tons	5.1	5.6	5.6	7.0	25
32 Cotton	M. bales	2.9	3.9	4.2	5.8	38
33 Jute	,,	3.3	3.1	5.0	5.4	8
34 Sugarcane	M. tons (raw sugar)	5.6	4.6	5.0	7.5	50
35 Tobacco	Th. tons	257	256	250	300	20
36 Tea	M. tons	607	675	675	750	11
37 Milk	Index	..	..	100	125	25
38 Wool	M. lbs	..	..	40	50	25
39 Timber	Index	..	..	100	130	30
40 Fish	,,	..	..	100	125	25
Rural Development						
41 Irrigation	M. acres	50	58	70	100	43
42 NES and Community projects ..	No. of blocks	..	479	1200	5600	367
Transport: Railways						
43 Mileage	Miles	..	..	34,500	37,500	9
44 Passenger miles	Index	..	..	100	130	30
45 Freight	Ton-miles Index	..	..	100	140	40
Roads						
46 National Highways	Th. miles	11.9	..	12.5	17.5	40
47 State roads	,,	17.6	..	20.0	35.0	75
Shipping						
48 Tonnage	Thousand	391	525	610	1,500	146
Social Services: Education						
49 Pupils: age 6-11	Nos. lakhs	187	..	236	380	..
50 ,, age 11-14	,,	34	..	51	80	..
51 Percentage of students in age groups: 6-11	,,	42	..	50	75	50
52 ,, ,, 11-14	,,	14	..	20	30	50
53 Technical training, higher education and research	Rs. crores Index	..	..	100	175	75
Health						
54 Hospital beds	Thousand	107	112	125	250	100
55 Doctors (Registered) ..	,,	..	65	70	90	29
56 Health Assistants	Index	..	..	100	300	200
Housing						
57 Urban houses	Lakhs	101	..	120	150	25
Communications						
58 Post Offices	No. thousands	37	47	53	78	47
59 Telegraph Offices	No. hundreds	36	39	48	70	46
60 Telephones	No. thousands	168	220	300	600	100

STATE GOVERNMENT BUDGETS

(In lakhs of Rs.)

STATES	Revised Estimate 1954-55			Budget Estimate 1955-56		
	Revenue	Expenditure	Surplus+ Deficit—	Revenue	Expenditure	Surplus+ Deficit—
Part A						
Assam	17,43.11	19,39.13	—1,96.02	19,05.22	21,47.28	—2,42.06
Andhra (caretaker Govt.) ..	21,38.62	24,87.44	—3,48.82	21,91.35	24,88.23	—2,96.88
Bihar	47,01.41	48,39.16	—1,37.75	37,70.41	52,67.33	—14,96.92
Bombay	71,80.33	71,22.16	+58.17	80.10.72	79,88.35	+22.37
Madhya Pradesh ..	29,50.51	31,42.22	—1,91.71	32,80.37	35,62.37	—2,82.00
Madras	45,18.72	47,67.79	—2,49.07	47,92.07	49,58.18	—1,66.11
Orissa	14,66.94	16,59.60	—1,92.66	16,68.94	18,56.68	—1,87.74
Punjab	21,55.00	21,62.00	—7.00	28,89.57	29,66.53	—76.96
Uttar Pradesh	79,55.56	79,55.56	—	84,56.47	90,06.30	—5,49.83
West Bengal ..	41,62.67	55,54.68	—13,92.01	45,75.91	62,88.32	—17,12.41
Total of Part A	3,89,72.87	416,29.74	—26,56.87	415,41.03	465,29.57	—49,88.54
Part B						
Hyderabad ..	28,85.20	30,38.69	—1,53.49	30,61.84	32,82.84	—2,21.00
Madha Bharat	14,21.14	15,97.94	—1,76.80	18,68.74	18,86.84	—18.10
Mysore	21,17.60	23,16.29	—1,98.69	22,96.16	27,06.03	—4,09.87
PEPSU	7,79.00	8,13.00	—34.00	8,24.00	10,28.00	—2,04.00
Rajasthan	22,11.00	21,90.66	+20.34	22,30.00	24,69.29	—2,39.29
Saurashtra	12,11.24	12,75.92	—64.68	12,89.75	14,03.54	—1,13.79
Travancore-Cochin ..	17,05.86	16,87.97	+17.89	17,18.36	21,56.12	—4,37.76
Jammu-Kashmir ..	5,61.73	5,42.63	+19.10	5,82.62	5,50.22	+32.40
Total of Part B	1,28,92.77	1,34,63.10	—5,70.33	1,38,71.47	1,54,82.88	—16,11.41
Part C						
Ajmer	1,95.10	2,06.10	—11.00	2,74.21	2,74.21	—
Bhopal	3,04.30	3,17.07	—12.77	3,47,22	3,54.41	—7.19
Coorg	1,46.42	1,60.60	—14.18	1,22.84	1,50.74	—27.90
Delhi	4,64.62	5,05.36	—40.74	4,97.91	5,96.73	—98.82
Himachal Pradesh ..	3,05.78	3,01.10	+4.68	3,39.89	3,49.03	—9.14
Vindhya Pradesh ..	4,69.56	5,06.51	—36.95	5,81.66	5,89.19	—7.53
Total of Part C	18,85.78	19,96.74	—1,10.96	21,63.73	23,14.31	—1,50.58
Grand Total	5,37,51.42	5,70,89.58	—33,38.16	5,75,76.23	6,43,26.76	—67,50.53

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.)

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The Eastern Economist

VOL. XXIV. NO. 19. NEW DELHI: MAY 13, 1955. ONE RUPEE

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Babel at Berhampur

ON Tuesday this week the All-India Congress Committee ended its two-day session at Berhampur in a confusion of tongues. The Congress President, Mr. U. N. Dhebar, spoke again of a totally new order of society. There was a strong flavour in the atmosphere of Bhoodan, as Acharya Vinoba Bhave attended all the sittings of the Committee which, indeed, seems to have been arranged at Berhampur to suit his convenience. The Prime Minister spoke fairly radically on the second Five-Year Plan and the most important resolution of the session referred to the point "that the most important aspects of the Plan should be the establishment of heavy and capital goods industries and a great development of small-scale village and household industries." It would appear that the Committee was well satisfied with the trends of its discussions. The leaders of the Congress seem to be coming under the spell of their own words.

Students of economic affairs continue to be dismayed by the torrent of idealism which A.I.C.C. meetings are now bringing forth. It is not, indeed, merely talk. A spate of legislation such as the Fourth Amendment to the Constitution and the proposed changes in

the Indian Companies Bill may be described as the practical form which the new political philosophy is taking, though in part these measures were conceived and framed for a different climate. In even more painful terms, the Budget of the Indian Union sought the ideal of equality enshrined in the socialistic pattern of society by a drastic rise in personal taxation above the Rs. 20,000 mark. All these are indications that the political idealism of the A.I.C.C. does not live in a vacuum; it has been translated rapidly into deeds; no one need deny the determination with which action is being taken or suggest now that the bark of the Congress leaders in this mood is worse than their bite.

Events in the last three months have left one in little doubt as to the determination of the Government of India to proceed on a reckless course. The question which is important is whether the implications of this headstrong action are likely to be appreciated before the damage done is large. A state of suspense now produced in the private sector is by no means the appropriate approach to production in a Plan designed to double industrial output in six years.

Why, it is being asked, is there being prepared a strong bias against middle-sized industries? If the Mahalanobian view of industrial organisation is the central thesis of the A.I.C.C.'s resolutions, surely the outlook must be bleak. Only a statistician completely devoid of a sense of economic organisation could possibly suggest that the vigour of industry in any country can be generated only by pressures on the poles of heavy industry and small-scale industries. Even in countries like the United States, which delight in giant corporations, the total volume of output of industry is governed very largely by the middle-sized units. Studies undertaken by the Brookings Institution in the United States show how vital is the role which the middle-sized industrial undertaking plays in the industrial process. To impair or destroy this pattern is to injure the whole fabric.

The proposal to reduce the central pillar of organisation, which is the middle-sized unit in the consumer goods industries, is a theoretical shibboleth which, if enforced, would in one fell sweep endanger India's future industrialisation. The reason for this is plain. Whereas the heavy large-scale industries can be enormous in their power, they can only attain their output by reason of the fact that such a large percentage of their supplies is met by medium-sized industries. At the other end, the markets for small-scale industries are derived only in a very small measure from the giants; they are in the main secured by the operations of intermediate and moderately-sized producers. It is these middle-sized producers who tend to solve the supply problems of truly large-scale industry, and the marketing problems of cottage and household industries. They have a true functional character in every important industrial field in every country of the world. The light-heartedness with which this central pillar of industrialization is sought to be reduced is merely one indication of the academic quality of these proposals. There is, of course, explanation enough as to why they are academic. They have emerged, for the most part, from a statistical laboratory.

To say that these proposals are academic does not imply that in the short-period their impracticability will be recognised. It seems in the current political atmosphere almost any unreal proposal can win adherence amongst the makers of India's economic policy. Convinced that something must be done to implement the socialistic pattern so spaciously promised, the Government of India will clutch, it seems, to any straw. It is certain that Mahalanobian economics will burst one day like the bubble that it undoubtedly is. But who can say how long it will take the Prime Minister and the Finance Minister to discover that this is merely the soothing language of dreams?

If planning in India is to proceed on these lines, it can be safely asserted that the industrialisation of India so spaciously planned will just not take place. This is not because in theory cottage industries will not give employment, and heavy industries will not produce the steel and chemicals required. It is because the cost structure of industry so developed will be impossible to maintain without heavy subsidies both ways. To which industries are the new steel and chemical units to sell? Again, at what prices are the numerous small-scale and cottage industries to produce and to sell? If there is any indication that as present constituted India's small-scale industries can produce at a price equal to that of most of the goods now produced in moderately-sized factories, that evidence is conspicuous by its absence. How can the Finance Minister of India blind himself to this patent fact?

If these proposals were long-period proposals, gradually to be placed in the social picture of society in which a high cost structure was made acceptable on something like Gandhian political philosophy, one perhaps might be disposed to accept present events with resignation. But this resolution is not for a future society but for here and now, that is, for the second Five-Year Plan which must deliver within five years. Where are the blue-prints for the thousands of small-scale industries which are to be established? Where are the thousands of managers to run the small-scale industries in the manner now proposed? Where, indeed, are the resources for this tremendous experiment in idealism which has now won this overwhelming political vote?

It should be for the Finance Minister of India to answer these questions; he is, in the last analysis, the custodian of our economic affairs. Why has the Finance Minister abdicated his economic functions and why does he now sign meekly on every political dotted line? Can it be that the Finance Minister of India with other preoccupations has ceased to apply his mind to practical affairs? This question is being asked in Delhi and no longer in whispers. The fall in the prestige of the Finance Minister of India in the last few months has been catastrophic. He must make some effort to rehabilitate himself in the esteem of thinking men.

The situation at present with the virtual retreat of the Finance Minister to the ivory-tower is bleak. But idealism of this kind cannot endure. In the last analysis, the Government of India must raise the standard of living of the Indian people. In the last three years this job has been done by agents which, with deep ingratitude, the Government now proposes to abandon. Since alternative agencies do not exist, the return of faith in men who have organised production is certain, because production is now not merely an instrument to profits. It is an imperative set by the Indian people. When production slows down, as it certainly will, the Government of India will find to its cost that the people of India desire economic progress before the socialistic pattern of society now being dangled before them as a carrot before a donkey. The Indian people are not donkeys; that means a day of reckoning will come.

Uplift of the Downtrodden

ONE of the pressing problems facing the country is the complete eradication of untouchability which still exists in one form or other, causing a slur on our reputation, in spite of the paper abolition of the evil under Article 17 of the Constitution. Even after seven years of Independence, Hindus as a class cannot claim to have made, with any sense of urgency, all-out efforts for the extirpation of this evil, although social reformers have not been found wanting who have made frequent, if ineffective, assaults upon the problem. Free mixing of Harijans and caste Hindus, or inter-caste marriages, for instance, are still a rare phenomenon. In actual practice, the economic and social disabilities of the backward classes—scheduled castes and tribes—cannot be improved unless sufficient social consciousness develops among the "higher" classes and castes, quite apart from what the powers-that-be may do by way of legislative and executive measures. The problem of scheduled castes and tribes has all along been tackled from legalistic angles, whereas it is more of a socio-economic problem, judged by the fact that the practice of untouchability and the social disabilities arising therefrom are mostly the result of economic dependence of the poorer classes on the higher classes. Therefore, it is on the economic aspects of the downtrodden people that attention must be focussed. An appropriate start in making them independent is to apply the "Sarvodaya" ideal to their children by providing as many basic schools as possible specially in Harijan localities.

It was noteworthy that during last week's debate on the Untouchability (Offences) Bill, certain members rightly stressed the need for providing increasing opportunities to scheduled castes and tribes in community projects and national extension service schemes and thereby make a beginning in making them feel that they are not neglected elements in the "mighty adventure" of creating a new India. Perhaps, even the creation of a separate Ministry for advancement of scheduled castes and tribes will not be deemed a fantastic proposition if a well-chalked-out and purposeful campaign is to be launched with success. The tribals, who number over 25 million, are in a worse condition than the scheduled castes. These highlanders suffer from "loss of nerve" due to their being prevented from cultivating the forests and subjected to exploitation in the villages. Such treatment has made them servile, obsequious, and of poor physique. In any case, unless the tribals are raised from their sub-human status, India's moral protest against discrimination in any form anywhere will not be respected in the counsels of the world.

These unfavourable factors, however, should not leave anyone with the impression that efforts are not being continually made to remove the blot on India's society. The passage by Parliament of the Untouchability (Offences) Bill is the latest positive proof of the Government's earnestness in this regard. It prescribes punishment for the practice of untouchability, for enforcement of any disability arising therefrom and for matters connected therewith. In this context the Report for 1954 of the Commissioner for Scheduled Castes and Scheduled Tribes, which has been submitted to the President as required by Article 338 of the Constitution, will be read with more than usual interest. It contains a detailed account of the progress achieved with regard to the educational and economic interests of scheduled castes and tribes and the measures undertaken to protect them from social injustices. In the first Plan, a sum of Rs. 15 crores was provided for being utilised as grants-in-aid by the Centre to the States for the welfare of scheduled castes and tribes, while another Rs. 4 crores was set apart for the backward classes in general. It is a matter of dissatisfaction that, although grants totalling Rs. 10 crores have already been sanctioned during the first four years of the Plan, the States have not been able to make full use of them owing to lack of proper machinery to implement the schemes and the cumbersome procedure adopted by the Central Government for examination of the welfare programmes of States. These defects should be removed quickly since the period of the first Plan will be over soon.

The Report, however, indicates the various legislative and executive measures taken by the States during the year, and they make impressive reading. Particularly noteworthy, among the steps adopted, is the establishment of Tribes Advisory Councils in all the States having scheduled areas. It is gratifying that improvement in communications in the areas inhabited by the tribes has received special attention, that more and more educational and medical facilities have been provided and that, in certain areas such as the Panch Mahals, the Adivasis have been given training in the organisation of co-operative societies. Such constructive work will, no doubt, enable the backward classes to participate more and more in nation-building activities. In the Report of Mr. L. M. Shrikant, particular reference has been made to the conference held last year of State officials in charge of departments for the welfare of scheduled castes and tribes. This conference, among other things, compared notes and exchanged views for preparing concrete schemes by the State Governments on a uniform basis for submission to the Planning Commission. The results of its work should prove helpful to the Planning Commission for inclusion in the second Plan. It will be very useful if all the State Government officials and even Ministers, who are concerned with tribal welfare work, meet once a year to exchange views so that the difficulties can be discussed and decisions reached for the better implementation of the schemes meant for the backward people. Although the facts and figures contained in Mr. Shrikant's Report do not show any spectacular progress, they reveal encouraging results all-round. A step-by-step approach, though not dramatic, can be dynamic.

Mr. Verrier Elwin, who aptly described the tribals as the "real Swadeshi products of India" has for years pleaded that in trying to make them assimilate the blessings of civilization, we should not impair their customs, their social organisation, their artistic and choreographic traditions; that they should be given a distinct administrative treatment. He also felt that the contacts of all plains have had a debasing effect on the tribals. Few will concur with Mr. Elevin's view, but no one need state that the problem of harmonising progress with their past is a serious one. The approach to the tribal problem has been correctly emphasized by the Prime Minister who has made it clear that, while there should be no interference with the tribal way of life, isolation in the modern world is impossible and undesirable. "We do not want to preserve tribal culture", he once remarked, "to please the scientists or to attract the tourists". Their moral virtues, self-reliance, courage and artistic gifts are things we need. They need the comradeship, the technical knowledge and the wider world-view of the plains. The great problem, as the Prime Minister said, is how to develop the synthesis without destroying the rare and precious values of tribal life.

The New Companies Bill

THE summary of the report of the Joint Select Committee on the Company Law Bill which appeared in the Press last week does not give the detailed sections which it is now proposed to impress into law and the Bill as revised has not been published in the Gazette of India where it certainly should have appeared for public information. Nevertheless, the information contained in the Press reports covers the central points of difference between the Joint Select Committee's Report and the text of the original Bill. It would appear that the Government have accepted the compromise suggested by the business community that they should recognize secretaries and treasurers. It is difficult, however, in the absence of detailed provisions to estimate whether these concessions will permit of a smooth transition from the managing agency system to administration by Directors only. Apart from this acceptance of a compromise, one wonders, however, why the Select Committee has not brought to bear on its labours a constructive approach. Apparently it is assumed that because the Government of India desired an elimination of the managing agency system the declaration of policy was not open to question.

The mere fact that the Select Committee has made a concession in regard to the system of secretaries and treasurers, by according statutory recognition to it, with certain safeguards, cannot alter the fact that it has introduced radical changes in the original Bill. The most outstanding among these changes, and one which is bound to affect the structure of industrial organisation, relates to the future existence of the managing agency system. The Company Law Committee, on whose mature and considered recommendations the Bill was drafted, did not mince matters. It made it perfectly clear that the system of managing agents must be retained, subject to positive regulation. The idea of exterminating it was far from its mind. The Company Law Bill introduced in Parliament last year was based on the principle of the reform of the managing agency system, not on its elimination.

The Select Committee has made a drastic departure from this sound policy. The new Clause 323 which it has introduced in the Bill gives the Government blanket authority to notify that companies in specified businesses and industries shall have no managing agents. The analogy of banks and insurance companies, from which managing agencies are legally excluded, has no application to this change. In their case the ban was put by legislation on special considerations. But to delegate authority to the executive which it can exercise by means of a mere notification not only amounts to abdication of a vital function by Parliament but it enunciates a policy of progressive elimination of managing agencies as a pure concession to political clamour. A decision to ban the operation of managing agencies has been made as an article of faith even before verifying the feasibility of setting up substitute agencies.

Nor are industries outside the ambit of the prohibitary notifications allowed freedom of choice of the form of management they would prefer to have. Managing agents in such companies cannot be appointed except with the approval of the Government. No acceptable principles have been laid down to determine executive approval and this vital issue is left to discretion. It is possible, by virtue of this discretion, to introduce invidious distinction as between companies in the same business or industry and to withhold assent on the vague plea of public interest. The authority conferred on the executive to judge whether individual persons in question are fit and proper to hold office as managing agents is arbitrary and no safeguards have been laid down against its abuse. To aggravate matters, further discretion is conferred on the executive to impose special conditions in particular cases. It is not difficult to appreciate statutory conditions prescribing minimum qualifications for managing agents, but to provide for the imposition of any conditions at the sweet discretion of the executive is repugnant to equity.

This sudden shift in the whole approach to the basic objective of amendment has been influenced by the Select Committee's obsession with wiping out the managing agency system. The Committee obviously poses to champion the cause of the shareholder. It must be asked whether there is even a semblance of justification for this self-appointed role. Shareholders as a class entertained no doubt whatsoever that, despite the abuses and malpractices which had come to be associated with the managing agency system, its utility to joint stock companies was beyond question and all that was needed was to purge the system of its ills. The voice of the shareholders was powerfully represented on the Company Law Committee and their redoubtable spokesman who has left a strong impress of his personality on the Committee's report fully endorsed the policy of constructive reform. In ignoring this plain philosophy the Select Committee has allowed political passion to prejudice its judgment.

Reactions in Bombay and Calcutta show that the business community is by no means reconciled to the proposed changes. It is argued that it is the function of the business community to adapt itself to political changes and no doubt in course of time most firms will have accomplished the changes necessary. It is believed, however, that there will necessarily be a reduction of initiative on the part of managing agency houses forthwith and there will certainly be a reduction of credit which many weak companies obtained only by reason of the security afforded by managing agents. There has been a belief that bankers in this country lend to companies on the basis of their individual balance sheets. A very large number of cases are now available to show that this is very far from being the case. A great many companies have obtained substantial loans on losing balance sheets only because their financial position was viewed in terms of the financial status of their managing agents.

To the extent that the secretaries and treasurers will be able to communicate their individual financial reputation to the new companies there need not be excessive concern on this point. But it is quite clear that the existing legislation does not contemplate the continuance of managing agency houses under another name. There is in fact a substantial change in the organisation proposed which cannot fail to be reflected in the conduct of banking agents. With the reduction in remuneration and elimination of other facilities which managing agents now enjoy, there is also no reasons why managing agents should volunteer as secretaries and treasurers to uphold their present guarantees.

It is merely naive to assert that a change of this character will not affect production or new investment in industry or the initiative of India's large commercial houses. On the other hand, it is unwise to exaggerate this loss. It is a price which is being paid for an illusory political gain. But at least one can say that it is a lower price than is being paid on the broader front which is the pursuit of a socialistic pattern of society at every turn.

THE WEEK'S NOTES

AMERICAN BOOM?

INFORMATION EMERGING from Hot Springs, Virginia, this week asks the question: will 1955 turn out to be the most prosperous year in United States history? Few economists would care to make any firm predictions on this matter so early in the year. But business leaders meeting at Hot Springs for the annual spring meeting of the Commerce Department's Business Advisory Council, which includes the heads of about one hundred of America's most important business firms representing all branches of industry, found it difficult to conceal their enthusiasm over 1955's economic achievements.

Bolstering their optimism was a Government Report they received only last Friday. This showed that employment, which had been lagging behind the production pace, rose by 1.2 million to a new April high of 61.7 million. Moreover, factory employment, which usually declines at this time of year actually showed a moderate increase—an unexpectedly strong counter-seasonal movement.

Last year, the American steel industry was planning to cut its capital investments in 1955 by some 3 per cent, on the theory that annual productive capacity increased to 125.8 million short tons last year, would be sufficient for this and possibly next year. Looking for a modest increase in production, steel makers were talking of operating at about 80 per cent of capacity. This would have meant an annual output of about 100 million tons, some 12 million more than production in 1954. But now, only six months later, the steel industry finds itself pressed for production. Output is running at better than 95 per cent of capacity, and many companies are being forced to use older and marginal equipment which they had expected to keep in reserve or to scrap.

If the present production pace continues, steel makers are saying, production in the first half of 1955 may exceed the record of nearly 58 million tons set in the first half of 1953—the year in which annual output reached a record 111.6 million tons. A significant second half decline, considered a distinct possibility a few months ago, now seems remote. Orders already are piling up for the third quarter. They are coming from virtually every steel-consuming industry. Even the automobile industry, which usually experiences a seasonal let down in late summer and fall, is taking large quantities for third quarter delivery.

How has all this affected steel industry planning? Latest reports show that the industry now expects to step up its capital spending by some 29 per cent this year. Already appropriated or planned are expenditures of nearly $1,100 million, some of which will extend into 1956. Every leading company has gone on record as planning not only operating improvements but substantial additions to producing capacity.

Cheerful as the picture is, the business men who consult with the Commerce Department on economic trends and problems are not being blinded by their optimism. Some cautionary notes were heard at last week-end's meeting. Most of these centered on the possibility that conditions might be too good for the moment. Cited were the usual factors—the break-neck pace of automobile production and home building, the rise in consumer indebtedness, the lag in farm prices and income.

CONSTITUENT CONVENTION IN PAKISTAN

AFTER SIX months of confusion and conflicting judicial decisions, the recent verdict of the Pakistan Federal Court has cleared the way for the restoration of democratic processes in Pakistan. Since the dissolution of the Constituent Assembly a series of constitutional crises arose and in dealing with the situation, the Pakistan Governor-General, Mr. Ghulam Mohammed, showed little regard for democratic practices which resulted in a constitutional and legal deadlock. Had he been less high-handed in his action much of the crisis could have been avoided. At one time there was no validity for law and the ship of State had virtually run aground. Pakistan may, however, heave a sigh of relief now at the Federal Court's judgment which has resolved the crisis for the time being. The task of constitution making in Pakistan has proved difficult from the very outset by reason of internal strifes and strains. Political parties in Pakistan are not yet well organized with programmes of economic and social reforms and the majority party has not formulated even the basic principles of the constitution during the seven years of existence of the old Constituent Assembly.

The judgment of the Federal Court has helped the Government to tide over the crisis, but still some hurdles are left before a representatives Convention can finally adopt an acceptable Constitution for Pakistan. There are differences of opinion between the two wings of Pakistan on the question of parity in regard to the representation in the Constituent Convention. Mr. Fazlul Huq and his supporters in East Pakistan are reported to have decided to join the Convention, but Maulana Bhasani and his followers are repeatedly demanding representation to the Convention on the basis of population, though the East Pakistan Awami League has already decided to participate in the Convention. On the other hand, the issue of representation to the Convention from West Pakistan provinces has also raised jealousy and suspicion. Punjab is still lacking in unity of views in regard to election. Smaller provinces like Sind and North-West Frontier Province are afraid that their views might be out-voted by the Punjab which alone will have 21 out of the 40 seats allotted to the whole of West Pakistan. They suspect that its motive is to get the one-unit plan approved in the Convention with the help of members from the Punjab. The one-unit plan is, however, put off till after the Convention approves it.

The one-unit proposal not only created internal problems of Pakistan, but it has also annoyed the neighbourly State of Afghanistan. The Pakistan-Afghanistan trouble, which started over indignity to the Pakistani flag, has resulted in worsening relations between the two countries. Consulates and Trade Agencies in the two countries have been closed down. Conscription and mobilisation has been declared in Afghanistan. While Pakistan is determined to go ahead with the one-unit plan for West Pakistan, the Afghans are adhering to the Pakhtoonistan demand and their claim for self-determination in future. In case Pakistan decides to apply economic sanctions, the Afghan Government will naturally endeavour to import from other countries through different sources and routes all the foodstuffs and goods now being imported through the Pakistan territory. Similarly, Afghanistan's export like wool can flow out of the country through other routes and channels.

Pakistan and Afghanistan are two inter-dependent countries. The prospects of one depend on the other. It is high time they realised the spirit of the time and came to a mutual understanding. It is a welcome sign that Egypt has offered to mediate in the dispute and Pakistan has accepted the offer provided the Pakhtoonistan issue is not made one of the terms of negotiations. Arbitration as a method of solving this dispute might prove useful.

SOVEREIGNTY RESTORED

AFTER FIVE years of patient labour Western diplomacy succeeded in restoring full sovereign status to

Western Germany. The instruments of ratification of documents on the termination of the occupation regime in the Federal Republic of Germany and of convention on the presence of foreign forces there have been deposited in Bonn, Brussels and Washington. The protracted chapters of war and occupation were ended and from May 5 the Federal Republic of Germany resumed complete sovereignty, full membership of the Western European Union and of the North Atlantic Treaty Organisation. The set-backs in Paris which intermittently threatened the breakdown of agreement between the Western occuping powers were overcome at long last and it must be recorded to the credit of Dr. Adenauer that he resisted all temptation to hit a hard bargain. These are encouraging signs of enduring Western solidarity for peace.

Nevertheless, the Federal Republic cannot but be alive to the stark fact that sovereignty has returned to only two-thirds of German territory and three-fourths of German population. One issue that will always be kept deliberately above party politics in the Federal Republic, whatever the complexion of the government, is 100 per cent re-union of pre-war Germany. Attention has now gravitated towards the four-power conference to be convened shortly. One major hurdle has been crossed and in crossing it Western diplomacy has proved its outright determination to make no surrender on a strategic issue. Soviet policy failed in the end to prevent the ratification of the European Defence Community treaties, forerunners of the Paris agreements, and Western firmness on ratification of the agreement before the four-power talks begin has been carried through. The talks cannot now founder on the issue of ratification which has already become an accomplished fact. Soviet attitude has changed in a striking manner since the adoption of a conciliatory policy on Austria. She has given assurances of a positive approach to the four-power conference and officially declared that ratification of the Paris agreements could not be interpreted by her as a bar to the talks. In the absence of eleventh-hour tactical changes, the conference should start early with a hopeful note.

ELECTIONS IN THE UNITED KINGDOM

WITH THE British elections scheduled for May 26, the Conservative and Labour parties are busy intensifying their campaigns of winning over the electorate. The two parties have issued their election manifestoes, but there do not seem to be any clear-cut issues for the electorate to decide upon in the manifestoes. If there is little in the Labour manifesto to promise economic stability, the Conservative decision to force an election would appear to stand justified by the claim that with Parliament in its fourth year and a change of Prime Minister, it is best that a Government with a new mandate should come to function, which could speak with authority in the international as in the domestic sphere. On foreign policy, again, there is not much to differentiate between the rival party manifestoes. If the Labour Party pledges itself to institute talks with Russia without delay on the hydrogen bomb menace, to seek a Formosan settlement and to take up the question of German unification, it cannot accuse the Conservatives of being war-minded in their policy. The real issues for the electorate are therefore strictly domestic considerations, of which nationalisation is the only really controversial one. The Labour Party has declared that it would renationalize the transport and steel industries which the Conservatives had handed over back to private enterprise. It may be that in the local county elections Labour has lost slightly in its majority here and there, but that cannot be assumed as the shape of things to come in the parliamentary elections. May 26 may still spring a surprise upon the world, although the chances are not very high.

ORGANISATION AND METHOD AT THE SECRETARIAT

THE FIRST annual report of the Organisation and Methods Division placed on the table of the Lok Sabha should suffice to prove how surprising results can be achieved if only there is the initiative and courage of unorthodox approach in tackling problems which are presumed to be tough for solution. This report has furnished ample valuable information for secretariat reform. The work of the Division is a continuing one. The process of devising ways and means to expedite disposal of work in Government departments will be endless like the endless additions to the growing volume of work in a Welfare State. In the very first year the 'O' and 'M' Division produced such remarkable results that the Prime Minister felt impelled to pay a tribute to its utility and announce to the House that it had helped the Government to discover talent and efficiency as also to spot out mediocrity and sources of delay. The experiment of this Division is to be extended from the Union Secretariat to the States which are exhorted to set up similar organisations. The drive and initiative displayed by the officials who man the Division have a decisive influence on its practical value, but in the States where inertia is reported to have grown on an alarming scale, this machinery will undoubtedly produce tangible results.

One important change which the patient labour of the Division has succeeded in bringing about is to introduce a modest experiment in the delegation of financial and administrative functions and powers in the interest of quicker disposal without impairing the controlling and co-ordinating authority of the Finance and Home Ministries. In regard to the blame which was conveniently laid at the door of the Finance Ministry for undue delays in sanctions as the root cause of slow progress of official business, the Division has laid a large part of responsibility squarely on the shoulders of the departments themselves which suffer too much from bad organisation and dilatoriness. The proverbial time-consuming course which departmental files follow, it is demonstrated, could be reduced by personal contacts. An instance of red tape that needs specific mention is the convention not to open the local dak after 3 P.M. The cutting of red tape in this instance has released considerable correspondence for early attention. Constant vigilance in seeking new quarters for introducing a greater measure of organisation and method cannot fail to cut through the cumbersome and dilatory procedure.

MR. B. T. THAKUR

AMONGST THE very few Indians who have earned a wide reputation in the field of banking, both in India and outside, the name of Mr. B. T. Thakur, the General Manager of the United Commercial Bank Ltd., can be mentioned with distinction. After having served the cause of banking for over 35 years, Mr. Thakur has, on grounds of health, gone on leave preparatory to retirement. He had to take this decision on the advice of doctors as he has been ill for the last two months and has recently had to undergo a major surgical operation. Mr. S. T. Sadasivan who is well-known in banking and financial circles has succeeded Mr. Thakur as General Manager of the United Commercial Bank.

The United Commercial Bank Ltd., was established in 1943 by well-known Indian industrialists with Mr. G. D. Birla as Chairman. Mr. Thakur was appointed as its first General Manager; within the years of his direction, he was responsible in helping the Bank to achieve remarkable success. The United Commercial Bank now has become one of the first four of Indian Joint Stock Banks. The Bank has not only built up large business in the domestic field, but has achieved outstanding success in foreign exchange business.

It is hoped that, after complete recovery, Mr. Thakur will be able to devote himself to the service of the country in other spheres.

THE STORY OF TEA No. 6



Tea Tasting (Calcutta)

A question of taste...

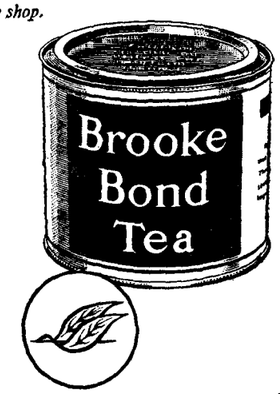
The 'Tea Taster' now takes over. He is the expert who decides the way the tea is to be blended to get the best flavour, aroma and taste.

Samples of tea are weighed, brewed and allowed to infuse in rows of pots. The liquor is drained off into another row of bowls, and is then ready for tasting.

When the taster is satisfied with the trial blend, the bulk blending of the tea commences.

Brooke Bond have thousands of acres of their own tea gardens—more than any other firm of tea distributors in the world.

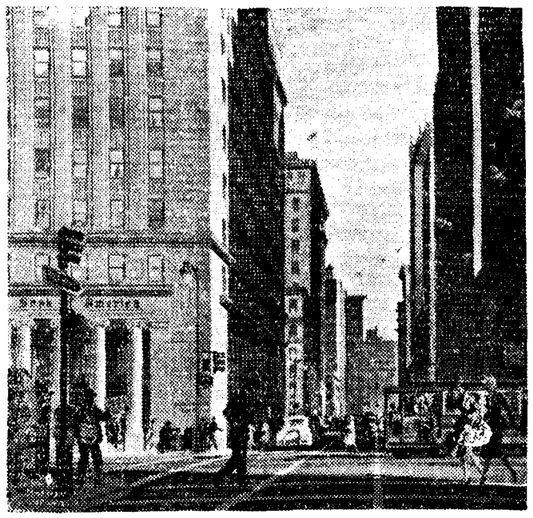
And Brooke Bond is the only tea firm with five blending and packing factories, each serving its own part of the country, from which fresh stocks are rushed to every shop.



Brooke Bond Tea

Fresher because delivered Quicker

88 52 (R)



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NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1954
(Figures of Overseas Branches are as of December 24, 1954)

RESOURCES

Cash and Due from Banks	$ 1,456,524,519.87
United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,393.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,355,289.49

LIABILITIES

Capital	$ 150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,455,800.10	
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS — Demand	$ 4,192,260,317.72	
DEPOSITS — Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		178,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,355,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES		LIABILITIES	
Cash and Due from Banks	$ 55,982,847.06	Capital	$ 10,000,000.00
United States Government Obligations, direct and fully guaranteed	29,285,414.50	Surplus	3,000,000.00
Other Securities	47,976.62	Undivided Profits	943,555.55
Loans and Discounts	56,919,157.82	TOTAL CAPITAL FUNDS	$ 13,943,555.55
Accrued Interest	234,184.75	Reserve for Possible Loan Losses	807,299.64
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,539,141.86	Deposits	126,558,914.27
Other Resources	397,641.43	Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances Bills and Notes	46,322,451.61
		Reserve for Interest Received in Advance	221,628.99
		Reserve for Interest, Taxes, etc.	332,481.98
TOTAL RESOURCES	$188,406,334.06	TOTAL LIABILITIES	$188,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

In the international field, Bank of America strives to apply its principles of comprehensive and friendly service...as it has always done in its home state. Our correspondent connections throughout the world, together with our overseas branches and representatives, assure you of maximum dependability—maximum speed—in every type of banking transaction. To inquire about this experienced and expert service, write our International Banking Department, 300 Montgomery Street, San Francisco, or contact Bank of America, Representative Office, 90 Golf Links, New Delhi.

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WORLDGRAM

AGRICULTURE

Rinderpest Eradication Scheme in India: The Rinderpest Eradication Scheme was started recently in the South in the States of Andhra, Madras, Mysore, Coorg, Travancore-Cochin, Hyderabad and Bombay for the mass immunisation of 10 million cattle and buffaloes. Its progress so far made was reviewed by the Central Rinderpest Committee. The Committee is considering legislation on the control of animal diseases, specially rinderpest, non-availability of lapinised vaccine, training of vaccinators, system of marking for identification of vaccinated animals, quarantine stations on India's land frontiers, etc. Financial responsibility for the scheme is shared between the States concerned and the Central Government. In the light of satisfactory results achieved in this scheme, it is proposed to expand it on a countrywide scale. In the first Five-Year Plan, the Planning Commission had allotted Rs. 15.7 lakhs to initiate work connected with the eradication of the disease and the Rinderpest Control Committee was set up by the Government of India nearly a year ago. The experience gained so far will be utilised in planning the programme to be undertaken in the second Five-Year Plan.

*

Study of Tropical Subjects in U.K.: A course of rural studies designed specially for oversea students and others likely to be working in the tropics is to be held next autumn in Essex (England). It is being organized by the London Institute of Rural Life at Home and Overseas. Lectures on a wide variety of subjects will be delivered for the duration of the course. In addition to talks and discussions on topics of general interest—such as irrigation, drainage, soil, conservation and rehabilitation, rural sanitation, organization of advisory and educational services for rural communities, water supplies, and propagation of timber crops—there will be a series on specifically tropical subjects. Lessons on systems of peasant agriculture in the tropics and on tropical perennial crops, tropical annual food crops, storage problems, tropical cattle and the work of veterinary departments in colonial territories will also be imparted.

*

Cow-Dung as Poultry Food: Experiments conducted at the Indian Veterinary Institute, Izatnagar, have borne out the results that cow-dung can be used as a poultry food. It has been further found out in a systematic search for cheaper sources of proteins, that cow-dung had male and female hormones which could safely be utilized as proteinous diet for hens. Washed and dried cow-dung, when given to hens increased their egg-laying capacity; and washings of cow-dung when mixed with normal food and given to chickens induced quicker growth accompanied by a better development of combs and wattles.

*

Provident Fund for Plantation Labour: The Government of India is thinking of introducing the compulsory contributory provident fund scheme for tea plantation labour. The Plantation Labour Act is being implemented in stages and it is proposed to provide more funds for labour welfare measures out of the proceeds of the cess of Rs. 4 per 100 lbs. under the Tea Act. The wage cuts made by tea gardens during the crisis have now been generally restored and where these cuts had not already been restored, the question of restoring them is reported to be under consideration.

INDUSTRY

Watch Manufacturers' Display at Basle: A fair of the export industries which have given Switzerland the hardest currency and the highest standard of living in Europe is being held in the river port of Basle. In the Fair buildings are exhibited the products of the machinery and watch making industries which earned over £90 million in exports in 1954 and the chemical and pharmaceutical industries which earned £75 million in exchange during the same year. One of the main pillars of Swiss prosperity is the watch industry. The watch pavilions in the exhibition look like a whole town of shops with each window a model of display technique. Full calendar watches showing the month, the day, the date and the phase of the moon feature well in the exhibition. The speciality amongst the watches displayed is an alarm wrist watch with a water resistant case. An added variety is a specially designed watch for aircraft crews.

*

Indian Steam Road Rollers: The total number of steam road rollers, manufactured in the TELCO works so far is 950 and the provisional price per roller is Rs. 37,500. In accordance with an agreement with a manufacturing firm in the U.K., the Government of India acquired the manufacturing rights in respect of their steam road rollers. A sum of about £100 per road roller will be paid to the U.K. firm for the 950 rollers for exploiting the manufacturing rights.

*

Development of Industry in Czechoslovakia in 1954: The plan of gross industrial output for 1954 was fulfilled to the extent of 102.5 per cent. The production envisaged in the plan was exceeded in several dozens of kinds of products, not only in industrial but also in food and consumer goods. The total gross industrial output in 1954 rose, compared with the year 1953 by 4.4 per cent. At the same time, the output of media of production increased by 4.2 per cent and that of consumers goods by 4.7 per cent. In the engineering industry there was a considerable change in the matter of production. New plant and equipment were turned out for the power branch, electrical engineering, coal mining and other branches of industry and the national economy. The putting of new capacity into operation increased the output of all the more important building materials. Better use was made of production equipment in many industrial sectors, especially in the coal mines and in the chemical and textile industries.

*

Increase in Sweden's Industrial Output: The value of Sweden's industrial production was registered at 227 points in February, 1955 as compared with 213 for the same month of 1954. The output of capital goods showed a continued increase, i.e., from 236 in February 1954 and 255 in January 1955, to 258 in April 1955. The consumer goods industry, which was 178 in January 1955 recovered to 184 in February 1955 by four points above the February level last year. Iron-ore mining fell from 204 to 197 in January 1955 but was nine points higher than in 1954, the corresponding figures for the timber industry being 150, 168 and 157. The pulp and paper output was registered at 167 in February 1955, as compared with 164 in January 1955 and 152 in February 1954.

FINANCE

Israel's Budget for 1955-56: The Foreign Currency Budget of $368 million for 1955-1956 is $22 million more than the previous year. On the revenue side the Budget estimates an income of $111 million from exports and invisible exports as compared with a revenue of $88.8 million in the previous budget. Other sources of revenue which are estimated at higher levels include Reparations ($25 million more) and Personal and Capital Transfers ($29 million more). On the other hand, the budget foresees a drop of $26 million in American

Grant-in-Aid, and of $19 million in the receipt of cash and goods through the National Institution. On the expenditure side $205 million are set aside for the purchase of foods, fodder, and fuel; $50 million for raw materials, $90.5 million for investment purposes and the balance of $22.5 million as a reserve for the payment of loans and interest.

*

Further Aid to Khadi and Village Industries: All-India Khadi and Village Industries Board has been authorised to reutilise during the current financial year the revolving capital of Rs. 1 crore sanctioned in 1954. A sum of Rs. 40 lakhs has also been sanctioned to the Board for payment of rebate at three annas per rupee on sales of khadi, Rs. 24,500 for training a hundred people in khadi salesmanship and Rs. 1,50,000 for promotion of hand-spinning in all parts of the country. In addition a sum of Rs. 79,200 has been granted for conducting spinning classes in forty-four jails in the country. Besides this, a grant of Rs. 1 lakh has been given for the revival of arts such as patola weaving, sambalpur weaving, kani shawl, mahin sut katai, kalamkari printing and khes weaving. Another grant of an equal amount has been sanctioned for disbursement to selected co-operative societies and registered institutions for the rehabilitation of two hundred families of weavers in different parts of the country. The Board has also been given a recoverable advance of Rs. 7 lakhs for trading in village industries products and Rs. 1.5 lakhs for the extra purchase of handmade paper. Moreover, to develop the palm gur industry, extra Rs. 43,750 have been placed at the disposal of the Board.

*

Peru and the International Monetary Fund: The Government of Peru's $12.5 million stand-by agreement with the IMF has been extended till February 17, 1956. Prior to this agreement Peru had concluded another with the U.S. Treasury of the same value and that too is being extended for one more year. The Peruvian Government has informed the Fund that it will continue the Exchange Stabilization Programme instituted in February 1954. The basic purpose of the stand-by arrangement between the Fund and Peru is to provide financial assistance to Peru for exchange operations enabling the government to preserve its exchange system virtually free of restrictions on trade and exchange transactions.

*

Dollar Debts Repaid by Indian Government: The Government of India have repaid dollar debts to the extent of $10.66 million (Rs. 5.13 crores). In the payment of these debts the dollar grants from U.S. Government have not been utilised for repayment of dollar loans. Sterling releases and dollar and other foreign exchange earnings, on trade and other accounts, together constitute considerable foreign exchange resources. The dollar debts were incurred taking into account the overall resources available to Government to meet its development and other needs.

TRADE

Cotton Textile Imports from U.K.: In 1954, 3.8 million yards of cotton piecegoods were imported into India from the United Kingdom. This compares with 3.9 million yards in 1953, 4.3 million yards in 1952 5.3 million yards in 1951 and 4.7 million yards in 1950. Imports of other cotton manufactures from the United Kingdom were valued at Rs. 14 lakhs in 1954, Rs. 12 lakhs in 1953, Rs. 19 lakhs in 1952, Rs. 13 lakhs in 1951 and Rs. 3 lakhs in 1950. The imports of cotton twist and yarn from the United Kingdom in 1954 amounted to 1,763,000 lbs. as against 2,061,000 lbs. in 1953, and 2,516,000 lbs. in 1952. In 1950 and 1951 the imports were 35,000 lbs. and 5,72,000 lbs. respectively. During 1954, 3.4 lakh lbs. of sewing and darning thread was also imported from the United Kingdom as compared with 10.63 lakh lbs. in 1953, 7.32 lakh lbs. in 1952, 9.47 lakh lbs. in 1951 and 2.18 lakh lbs. in 1950.

*

Increased Exports from Hong Kong to U.K.: Britain's total imports from Hong Kong have increased by roughly 30 per cent in each of the years 1953 and 1954 compared with 1952. The major part of the new trade has been in light industrial products, including clothing and footwear, miscellaneous textiles, and cotton yarns and fabrics, which reflects the vigorous growth in the Hong Kong industries since 1948-50. Typical of the expansion is the glove industry, which in 1954 exported 655,000 dozen pairs to Britain (against a negligible quantity in 1952).

*

Israel's Record Exports in 1954: Imports, which reached a peak of $343 million in 1951, declined to $290 million in 1954. Exports in 1954 reached $88 million, a more than 100 per cent increase over 1952 level and 50 per cent increase over 1953. In 1949 exports covered only 11 per cent of the imports while in 1954 they financed 30 per cent of them. Since 1951, the annual deficit in the balance of trade has been reduced by $100 million. Besides earnings from the export of merchandise, Israel earned in 1954 $29 million from invisible exports.

*

India's Balance of Payments in 1954: India's balance of payments in 1954 on current account showed a surplus of Rs. 3.7 crores as compared with a surplus of Rs. 58.7 crores in 1953. However, the marked reduction was accompanied by a higher level of trade. Imports rose by Rs. 49.4 crores to Rs. 624.5 crores in 1954. The increase was on account of commercial imports which rose by Rs. 84.5 crores to Rs. 507.3 crores. Government imports continued a downward trend. In 1954, Government imports declined by Rs. 35.2 crores to Rs. 117.2 crores. Exports showed a rise of Rs. 12.8 crores to Rs. 543.8 crores. Invisible receipts fell in 1954 by Rs. 18.4 crores to Rs. 79.4 crores. The increase in India's level of foreign trade was 5.6 per cent during 1954 compared to an increase of 3.6 per cent in the level of world trade. But in contrast with 1952 and 1953, there was a sharp reduction of about 20 per cent.

MISCELLANEOUS

Re-equipment of Indian Railways: The Government of India has placed a £200,000 order for eight large cranes of varying sizes with a British firm of railway-plant manufacturers. The contract for the cranes is part of the Indian Government's programme for the re-equipment of its railways and will come into force in early 1957.

*

Progress and Plans on the Indian Railways: It is reported that the total number of quarters for railway staff expected to be completed during 1954-55 was 10,407 and the amount spent thereon approximately Rs. 462.38 lakhs. Proposals for the construction of new railway lines during the second Five-Year Plan period had so far been received from all Part 'A' and Part 'B' States, except Andhra, and all Part 'C' States, except Bilaspur, Delhi, Himachal Pradesh and Manipur.

*

Abolition of Indian Nominee System for Salt: The Government of India have accepted the recommendation of the Commodity Controls Committee that the Nominee System for salt should be abolished in stages and requested the State Governments to implement it. Certain State Governments have abolished the Nominee System altogether, while some State Governments have agreed to a partial abolition of the system as an experimental measure. The States in which the Nominee System has been abolished partially as an experiment measure, would review the position after some experience and decide whether the system should be abolished altogether. The Nominee System is in operation partially or wholly in ten Indian States.

NEWS IN BRIEF

INDIAN

It is revealed that elimination of excess money supply in the country was a consequence of a tighter credit policy initiated in November 1951, careful budgetary policy, deficits in the overall balance of payments in 1951 and 1952, and an increase in production.

*

It is reported that by the end of 1954, 180 small-scale match factories were working in the country. The production capacity of these units was difficult to assess, but about 35 per cent of the total match production in the country was accounted for them.

*

Nearly 2,000 feet of the earthen embankment on which work was in progress has almost been completed in the Kosi Project Area.

*

In Madras State, a chemical and industrial firm is installing a stable bleaching powder plant in its factory. The capacity of this plant will be 540 tons per mensem.

*

Under the Technical Co-operation Scheme of the Colombo Plan, fourteen youngmen from India, Pakistan, Ceylon, Burma, Indonesia and the Philippines will study for six months in U.K., the latest techniques for controlling weeds, insect pests and plant diseases.

*

India will get 93,000 tons of steel from the U.S.A. under an agreement signed recently between India and the U.S.A.

*

The Australian Government have offered under the Colombo Plan, gifts of books to Indian Universities and educational institutions.

*

The Kashmir Government has decided to mechanise and expand its handloom silk weaving factory at an estimated cost of Rs. 3 lakhs to provide employment for about 600 workers.

*

The Government of India proposes to undertake a survey of the prospective areas in search of oil with a view to increasing domestic output and reducing imports. The scheme for exploration of oil will be undertaken over a period of a few years at a cost of Rs. 8.5 crores.

*

A group of Chinese engineers will pay a visit to India shortly, with a view to studying the manufacture of paper pulp.

*

The Government of India have sanctioned Rs. 130 lakhs for scholarships to scheduled castes, scheduled tribes and other backward classes during 1955-56. These are tenable in recognised institutions imparting post-matriculation education.

*

The U.P. Government has selected Raja Kalishankar Leper Asylum, Banaras, to be run as a subsidiary centre for the treatment of leprosy under the Government of India Leprosy Control Scheme.

*

An all-India survey of the textile industry including an inquiry into the working of the uneconomic units is expected to be launched shortly by the Government.

FOREIGN

It is reported that 1,500,000 tons of merchant shipping were completed in the shipbuilding yards of Britain in 1954.

*

The U.N. Educational, Scientific and Cultural Organization have awarded $800,000 to be divided among 41 nations for projects ranging from cosmic ray studies to educational television.

*

Six hundred television sets, each worth nearly £100, are to be presented free of charge to hotels and public houses in Britain as a result of the setting up of commercial broadcasting companies.

*

The Yugoslav Federation of Writers have decided to join the "International P.E.N. Club" organisation and to form a national centre of P.E.N.

*

The French Ministry of Finance has decided to extend facilities to French residents for the sale of securities held abroad and the employment of the proceeds for the buying of other securities of the currency of the country concerned.

*

The first trade fair of the atomic industry will be held in Washington from 26th to 30th September, 1955.

*

It is reported that India, Australia, Canada, Newzealand, and Pakistan offer great possibilities of trade for British heavy commercial vehicles.

*

An American industrial mission will be visiting Pakistan shortly to survey Pakistan's development projects to suggest ways and means of rationalising them.

*

It is reported that teams from eight countries are at present actively co-operating to control the desert locust menace in the Arabian Peninsula.

*

The International Bank for Reconstruction and Development made loans to Australia, Austria, Belgium, British East Africa, Ceylon, Colombia, El Salvador, Finland, India, Mexico and Peru of $254.4 million during the nine-month period ended March, 1955.

*

Israel and Denmark have agreed to a reciprocal exemption from income-tax and other taxes in respect of incomes derived by each from shipping activities and other operation of air services in the territory of the other.

*

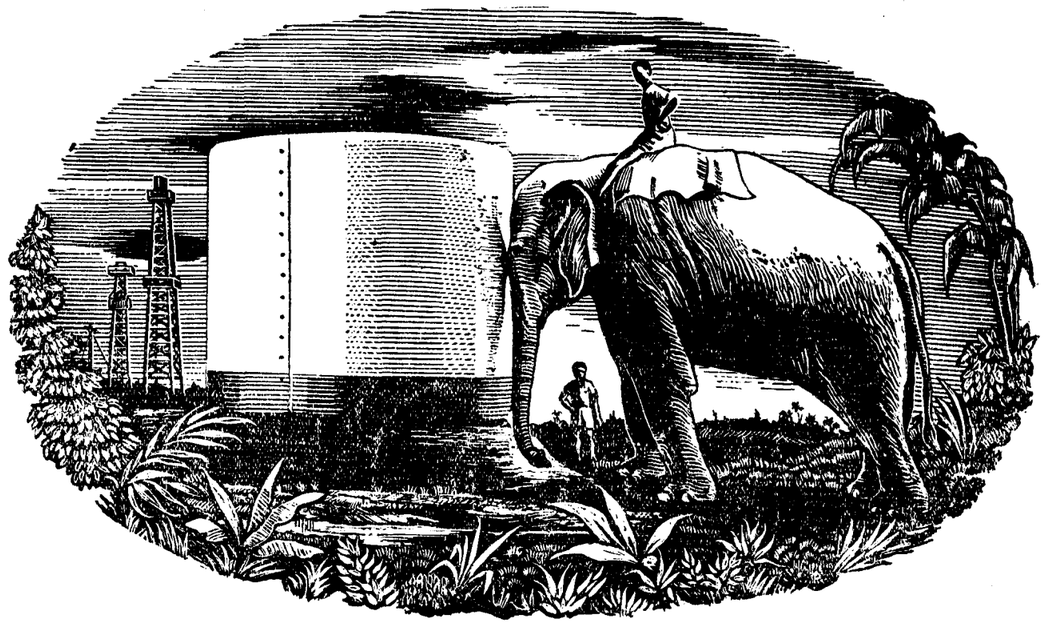
Japan was expected to offer at the Simla Conference a programme to expand trade in 'free' Asia by using a prospective $200 million United States regional aid fund to develop native industries.

*

The Government of Guatemala has moved to grant relief to the country's coffee growers by altering the coffee tax structure so that lower world prices will be less burdensome for them.

*

The first American industrial atomic power plant now under construction near Pittsburgh is expected to be completed by July 1957.



It's a BIG job....

running an oilfield

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Yes, the day-to-day running of the oil industry is a big job. To keep it running the Assam Oil Company has to spend crores of rupees just in "looking ahead." For no oilfield lasts for ever, and in order that India's vital flow of oil may be supplied to an increasing extent from India's own resources, the company is constantly exploring for new sources of petroleum.

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A Window on the World

CHALLENGE TO BRITAIN

By

ODYSSEUS

I DO NOT KNOW who is going to win the British General Election on May 26, but I must say that I have never before seen any political party issue any document calculated to help its political opponents to the extent that the Socialist Party's official "Challenge to Britain" is likely to win votes for the Conservatives.

First issued in June 1953, "Challenge to Britain" has undergone various revisions, but it retains its basic character as a document drawn up by a group of people who were expecting that the Conservative government would soon be battling with a first class economic slump. But as Mr. W. Fienburgh, Socialist M.P., said in January, 1955: "Clearly some hard thinking will be needed, for the party programme 'Challenge to Britain' is out of date. It was written in expectation of the slump...But the slump did not happen." Instead, Britain has experienced an overall rise in national prosperity, coupled with a reduction in the income-tax by the Conservatives from 9|- in 1953 to 6|6 this year.

"Challenge to Britain" pledges the Socialists to restore to public ownership the Iron and Steel industry and unspecified parts of the road transport system (both de-nationalised by the Conservatives), restorations which would be hailed with doubtful enthusiasm by the workers in those industries. Nor will the Socialists popularise themselves with Britain's housewives, who do most of the family shopping and who cherish disagreeable memories of queues and ration books, by proclaiming that they will restore the "powers of control abandoned by the Tory government", or that by subsidies "and other methods", they will "bring the basic foodstuffs within the reach of all"—actually Britain's working classes have never had such a high standard of living in all their history as they enjoy today. Nor will the Socialists help their cause by asserting that they will see that any shortfall in savings is made up by taxation (presumably by clamping on again what the Conservatives have just taken off). On page 11, we read that the Socialists propose to overhaul the planning machinery within the civil service, and to re-organise it and strengthen it. After the nation-wide outcry that followed the revelations of five years of bureaucratic bullying and downright dishonesty in the use of statutory powers over the private citizen in the notorious Crichel Down case (see this column October 29, 1954), these Socialist declarations of faith in bureaucratic controls must frankly be admired as heroic.

On page 21, "Challenge to Britain" explains that the most important controls which must be restored are "the powers to regulate imports; to control currency exchange and the movement of capital abroad; to allocate scarce raw materials; to regulate investment, particularly in buildings and also, in the event of acute shortage, in key industrial machinery; to control the location of industry; and to control prices..."

But when you consider the happy sighs of relief which have been rising in Britain from year to year as one control after another has vanished, it is not surprising that "Challenge to Britain" has itself been challenged, not only as you would expect by the Conservatives but by various Socialist leaders. Mr. C. A. R. Crosland criticised "the staggering amount of Parliamentary legislation involved" and Mr. Maurice Webb, an ex-Minister, called it a "bleak" and "chilling" document.

204,000 PROSECUTIONS A YEAR

To the Conservatives, "Challenge to Britain" offers opportunities for challenge of which, for example, Mr. Harry Crookshank hastened to take full advantage in the Commons on December 7, 1954, when he asked the Socialists whether "they envisage returning to a situation such as that in which there were in the courts 1,700 cases a month of citizens being prosecuted for petty offences, many of which they did not know were offences. Does the restoration of controls removed by Her Majesty's present Ministers in this Parliament mean that we are going straight back to food rationing?...Are they going to take us back to control through building licences? Are we to be taken back to a situation in which 200,000 houses are built in a year?" (A reference to the fact that whereas the Socialist target was 200,000 a year, the Conservatives have averaged over 300,000). "Are they going back to the *thirty-four Statutory Orders to control meat?* Or the sixteen different kinds of forms and 4,000,000 coupons issued every month to farmers about feeding-stuffs?...Are we to go back to pool petrol, to pool margarine?"

Despite what seems to me the sombre courage displayed in "Challenge to Britain", some Socialist leaders have chided their weaker brethren for failing to educate the British voter in the realities of life under Socialism. Thus, Mr. Thomas Balogh wrote in the "New Statesman" of December 19, 1953: "In the attitude of Labour leadership, there is a disquieting tendency to insist that, if electoral favours are to be won, the Party's programme must be 'realistic' in the sense of promising what the mass of the voters want —i.e. welfare—and sliding over the less palatable fact that increased welfare not only means more burdens for some, but a system of minimum essential controls extending even to wages. This is not realism; it is the attitude of the economic ostrich." And Mr. John Strachey a year later urged the "fearless application" of three broad kinds of "far-reaching pattern of economic controls": (1) "It will be imperative to re-impose, as one of the earliest acts of the next Labour government, a comprehensive system of licensing of imports into this country." (2) "The next thing a Labour government will have to do is to start building a system of controls which will make it possible for this country to apply a substantially greater part of its productive power to making for export than it has yet done. This is a far more elaborate and difficult business..." (3) "Finally, and this is by far the most urgent step of all, the next Labour government, literally in a matter of days, must greatly strengthen the system of control over foreign exchange transactions." ("New Statesman". February 6, 1954). Well, I will not argue with Mr. Strachey on the urgency of strengthening foreign exchange control in the interests of the U.K. He may be right for all I know. But I feel confident that Sri Chintaman Deshmukh will want to be consulted before Britain enforces new restrictions because India, at present anyway, has more than a passing connection with sterling, and anything that modifies the exchangeability of sterling as an international currency is of vital importance to India.

Other Socialist leaders, even Left-wingers like Mr. R. H. S. Crossman, have wondered how the British will take all these proposed inroads into their hard and recently re-won individual liberty. Mr. Crossman said in 1953: "The British people are not merely economic animals who can be satisfied with statistical fair shares, but human beings who hate restrictions and queues. They will accept rationing in wartime, but if they get the idea that in peacetime Socialism means restrictions on the consumer, they won't vote Socialist".

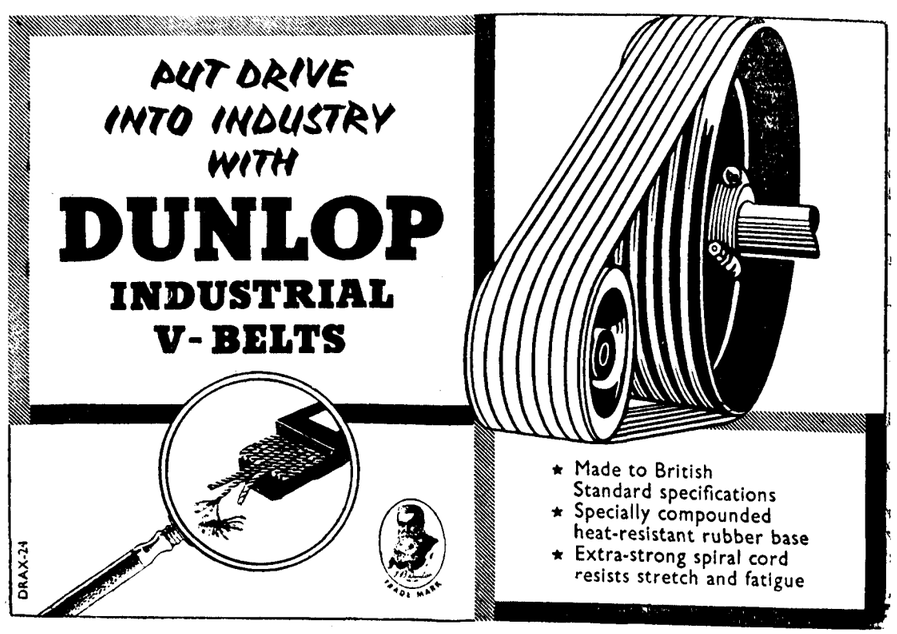
WORKERS PROTEST AGAINST NATIONALISATION

On page 16, "Challenge to Britain" plumps for "a substantial degree of public ownership" in sections of the chemical industry. This evoked protests from—the shareholders of the chemical industry? No, the workers! Mr. R. Edwards, General Secretary of the Chemical Workers Union said: "The Labour Party's proposals for the chemical industry are far from clear ...The Union has condemned the structure of the industries already nationalised...It does not advocate the control of chemical production for the sake of planning, because planning without industrial democracy is not Socialism." A few weeks later, Mr. Arthur Deakin, General Secretary of the Transport and General Workers Union, one of Britain's most powerful unions which has a membership of 1,300,000 and an annual income of £2,114,482, revealed that the Socialist Party had it in mind to take over Imperial Chemical Industries, the Distillers' Company, and Fisons, and said: "What about the rest? Where do you begin? Where do you end? What part of Imperial Chemical Industries' activity do you take over? What are you going to do about the geographical arrangements these firms have throughout the world? What about the employment position of our members in these industries? We will have no precipitate action which would involve us in a position of chaos and confusion arising from ill-considered actions..."

"Where private enterprise fails to act in the public interest," says "Challenge to Britain", "the nation must have the power to step in." But who is to decide whether a firm has failed to act in the public interest and what will be the test of failure? These questions become relevant in the light of an exchange between Mr. Herbert Morrison, deputy leader of the Socialist Party, and the Socialist "Tribune" in January 1953. Mr. Morrison had suggested that it was inexpedient to name beforehand those industries that should be nationalised but that voters should be asked to leave the Socialists free to make their choice on their return to office. To this the "Tribune" retorted: "It would mean that a whole range of industries would become possible candidates for nationalisation. At election time, no one would be able to say for certain which industries were likely to be taken over and which were not. In our view, that is not wise politics or clever electioneering." So now we know! Whether an industry is to be nationalised is a question to be decided, not by reference to principles or even to individual merit, but solely on political expediency and electioneering necessity.

In conclusion, I cannot help quoting one of the most pathetic bleats that has ever issued from the lips of an anxious Socialist. In the "New Statesman" of October 9, 1954, Mr. J. Freeman, M.P., wrote: "If capitalism does work in the modern world, our raison d'etre is gone." Has Mr. Freeman ever asked himself which industries and which people in Britain provide the overwhelming bulk of the taxes that the Socialist government re-distributed in welfare? Was it the nationalised coal-mining industry which averages 25,000,000 tons a year less than its pre-war production peaks? Or the chronically insolvent British Railways?

Having said what I thought about the Socialists' "Challenge to Britain", it is only fair that I should next week offer some reactions to the Conservatives' manifesto.



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Z-32

A NEW TYRE DESERVES A NEW TUBE

A DELHI DIARY

WITH the Prime Minister away from Delhi for the greater part of the week, there has been less to record than usual. As if to accord with the lull in the political temperature, there was a miraculous break in the weather. Never has such good fortune been known in this month of May. A heavy depression in the Bay of Bengal—or was it the Arabian Sea?—gave New Delhi a spell of four good days at the beginning of the month. In the second week our good fortune was even greater. On the night of Wednesday, May 11, the blankets were in use. Citizens in Delhi were found on Thursday congratulating one another on the wonder of Delhi in mid-May. Why, it was being asked, is an important international conference being arranged at Simla? Delhi would have been gentle to our visitors this week. One hopes it will be gentle to Mr. Mohammed Ali who is due on Sunday the 15th for a discussion on Kashmir which will need an appropriately cooling atmosphere!

SIR ALEXANDER CLUTTERBUCK

I might say quite cheerfully that the major happening this week has been a social one, all the politics being concentrated at Berhampur. Sir Alexander and Lady Clutterbuck who are saying their farewell in New Delhi before proceeding to Dublin have been guests of honour at a large number of receptions. Few people who have known the Clutterbucks have failed to appreciate the quiet and unobtrusive efficiency with which they have performed their task in New Delhi. There is genuine regret that they are leaving. It is no secret Sir Alexander himself would have liked to stay. He is acting on medical advice in leaving two years before he would otherwise have done. There were numerous tributes to him in small conversations. It being fashionable now to break secrecy, may I say that in one of them I heard that Sir Alexander's influence on the Geneva Conference was by no means small? What are called diplomatic channels, it seems, can be very effective when the receiving end is open!

The post of High Commissioner for the United Kingdom in New Delhi is now ranked very high in the British Foreign Service, possibly next only to Washington. There is an additional factor which seems to call for high representation in Commonwealth countries as against others at the present time. This is the fact that in the new Cabinet the post of Commonwealth Secretary has been given to a figure quite unknown here. For a reason which is not clear, Sir Anthony Eden seems to have placed the Commonwealth in the "also-ran" class bringing into prominence a figure who, whatever his other virtues, does not count knowledge of India or the East amongst them. A belated report that the Commonwealth Secretary will be visiting the East after the elections has only made it more curious. Firstly, it is clearly improper when general elections are impending, for a Minister of the Crown to assume that he will occupy the same position after the elections. Even if the Conservative Party does not take a tumble in the elections, surely it is inappropriate to suppose that the Cabinet will undergo no change after the muddy ordeal. Or is it assumed that certain horses will never have a fall?

PROMPT PAYMENT PLEASE!

I am taking advantage of the absence of happenings this week to go back to an event which should have been noticed in these columns two weeks ago but somehow or another slipped my pen. This was the Conference of Accountants-General arranged by Mr. A. K. Chanda, Comptroller and Auditor-General of India. The Conference was opened by the Vice-President which was designed to show that something new in routine conferences was cooking. I hope sincerely that amongst numerous other ingredients there will be found some consideration of people who wait long days with tokens in hand at or around Government Treasuries to receive payment for Government bills.

Mr. A. K. Chanda in his speech talked about the necessity of making prompt decisions. He said: "It is essential that we should have officers, who have been, and are likely to be again, in touch with practical administration, who are expected to take decisions and who are, therefore, more anxious to get things done rather than find reasons for not doing them. As one administrator said: "The toad beneath the harrow does know exactly where each tooth-point goes and it is of primary importance that those who govern should know what is administratively practicable and what 'being governed' means".

Who is the toad beneath the harrow? I have the most terrible experiences of Government Treasuries some of which take over fifteen days to pass a straightforward bill. One case in which I was interested took nine months, though I cannot blame the Treasury Officer alone in that case. I cite two cases which affect the Delhi Treasury which have come to my knowledge in the last fortnight. In one case a bill presented on the 29th of April remains still unpaid. In another an officer has not received payment for April because there was some difficulty about his pay-bill for March! Almost anything is good enough when one wishes to pass the buck!

Will the Auditor-General (or whatever officer directs this machinery after the separation of accounts) kindly take note of the harassment which the public suffers when officers all the way down consider that procrastination in some mysterious way protects them from penalties? Since I am now heavily involved in 'P' language, may I beg for Prompt Payments, Please.

I have hitherto spoken only about the small toads. There are, of course, larger ones. Having just returned from Calcutta, I confirm that the position in regard to payment of bills of firms for Government work shows no improvement. The whole credit structure, I am told, is involved. May I suggest that the most urgent reform required in the offices of Accountants-General is that they should be directed to dispose of every paper on their desks before they rise for the day. Or is that prescription too revolutionary for a socialistic pattern of society?

ARGUS.

Special Articles

THE TREND OF COSTS IN TEA PLANTATIONS

THE slump in the prices of tea and particularly the irregularity in recent London auctions must direct attention to the extent to which India's tea industry can bear a possible slump or sudden reverse. This is not to argue that great reverse like that of 1952 is imminent. It is not. But there is no doubt that the rapidity with which optimism on tea has been dissipated in the last six weeks must give cause for some anxious thoughts.

There is more than one reason for anxiety. For one thing, buyers in the United Kingdom seem to be holding off, and it seems this might well continue for some weeks as there is a stock of 19 weeks' consumption in London at present. Secondly, it is also sound on a falling market to buy at a lower price as this will be a hedge lowering average price for teas to a selling firm which has bought consistently at high prices in the last six months. Thirdly, the new crop is coming in when stocks are high; this is likely to improve the supply position and further injure current prices.

There is no doubt that at the present time we are reaching prices near a level at which moderately good estates can just make profits. It is only the better estates which are still doing well. There is a great lack of appreciation of the point that the present position is one which calls for a suspension in rising costs, particularly those inflicted by the Government under the lead of the Labour Ministry, which always operates in the mistaken belief that prosperity in this industry is a continuous and growing thing.

For the purpose of assessing the trend of costs in certain tea estates the Research Section of 'The Eastern Economist' has sought to estimate from balance sheets available for the three years 1952, 1953 and 1954 the trend of prime costs in some leading tea estates. Prime costs are those which vary with the short-period output. They do not include standard managerial expenses. The balance sheets studied are by no means representative since their selection has been directed by the fact that figures for three years should be available. Also the performance of these estates, as will be seen from the figures below, are by no means uniform. Fortuitous circumstances affect the crop more in the short run than long-period investment. Nevertheless, the figures given below for sixteen estates taken from a larger selection will indicate that it is by no means true that because of a larger crop, the prime cost of production per lb. of tea in these estates is uniformly lower than in the previous year. While 1954 was by every standard—both selling prices and costs—a good year, one must place emphasis far more on selling prices than on prime costs. There is a fairly unyielding floor in most cases for costs of production largely because of labour expenses.

The broad conclusion that is to be drawn from the figures shown in the table below is that there is practically no estate where costs in 1954 were lower per lb. than in 1952. It will be remembered that in 1952, notwithstanding low costs of production, there was a terrible crisis when selling prices fell. If prices should by any chance fall near to the 1952 level, the crisis can not be anything but worse now. While this even is 'prima facie' unlikely, the Government of India should not be under any illusions as to the capacity of the tea industry to take another large slump in prices. The capacity is just not there, and is being further reduced by the lack of appreciation of Central and State Governments that welfare measures must be related to that prosperity and cannot be driven equally in every year.

Prime Costs of production per lb. (in rupees) of tea in sixteen leading tea estates

Estate Number	Balance Sheet as at	1952	1953	1954
One	30th June	1.38	1.57	1.34
Two	31st March	1.25	1.28	1.25
Three	30th June	0.93	0.94	0.97
Four	31st March	1.15	1.94	1.24
Five	31st March	1.36	1.51	1.12
Six	31st March	1.25	1.37	1.28
Seven	31st March	1.37	1.33	1.27
Eight	31st March	1.11	1.26	1.10
Nine	31st March	0.83	1.14	1.16
Ten	30th June	1.15	1.24	1.23
Eleven	31st March	1.09	1.35	1.19
Twelve	30th June	1.12	1.24	1.26
Thirteen	30th June	1.01	1.14	1.21
Fourteen	31st March	0.96	0.98	1.10
Fifteen	31st March	1.16	1.39	1.44
Sixteen	31st March	1.47	1.58	1.49

MANUAL LABOUR VERSUS MOVING MACHINERY

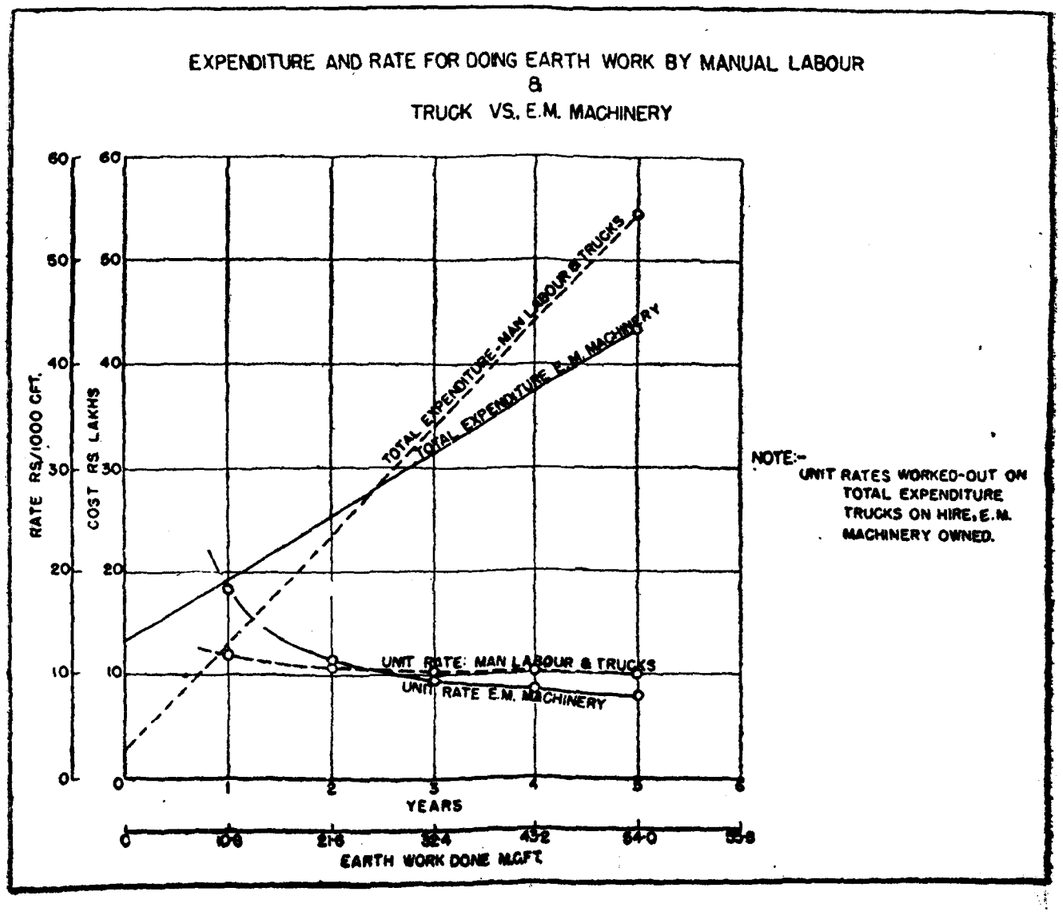
THE vexed question as to whether or not manual labour under Indian conditions can be cheaper in earthwork than earthmoving machinery has, it seems, so far as its strictly cost character is concerned, been solved. The solution is contained in an Appendix to an excellent technical Report of the Committee on Construction Plant and Machinery appointed by the Government of India in September 1953. The personnel of the Committee comprised four engineers, Mr. K. Gopal Iyengar, Mr. E. R. Harvey, Mr. R. F. Koken and Mr. G. G. Dhanak. The records of these engineers suggest that their unanimous report is one which should command acceptance.

The detailed figures available in this report are set out for a typical example of earthwork in clay loam for a dam involving a lead of one mile. The same progress schedules are assumed for both the alternatives, manual work and trucks against earthmoving machinery.

The table below indicates relative costs for carrying out 54 million cubic feet of earthwork under the conditions assumed.

It will be seen that for a total expenditure for works involving about 25 million cubic feet and taking about two and a half years is lower in the case of manual labour than with earthmoving machinery. One would, perhaps, be justified in saying on the basis of the graph below that there seems to be a critical position of advantage of each method depending on the size of the work. In other words, both methods are suitable depending on scale and scale only. Manual labour and trucks are obviously more advantageous in respect of works which involve less than 20 million cubic feet. It is only after one passes the 30 million cubic feet scale that one begins to obtain the full advantages of mechanisation. This would appear to indicate that, so far as all our major multi-purpose projects are concerned, there is obvious need for earthmoving machinery from a purely costing point of view. Employment is a different matter.

Item	E.M. Machinery	Manual Labour and Trucks
1. Capital investment		
(a) Equipment	11.8	0.6
(b) Camp	1.5	2.25
2. Unit rates per 1000 cft. laid bank		
(a) Including Dep.	69.5	82.5
(b) Excluding Dep.	49.5	..
3. Working cost over 5 years (Rs. lakhs)	26.73	44.55
4. Earthwork done M. cft.	54	54
5. Interest on Capital (Rs. lakhs)	2.39	0.51
6. Overhead centage charges of value of work done		
(a) 6 per cent	2.25	..
(b) 12 per cent	..	6.68
7. Total cost after 5 years (Rs. lakhs)	44.67	54.59



RECORDS & STATISTICS

(QUARTERLY BULLETIN)

Editor: R. V. MURTHY, M.A.

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The Business World

POLICY FOR POWERLOOMS

CONSIDERING the rapid strides made by the Indian cotton mill industry and the prospects of further expansion in the future, the need for effecting maximum efficiency in production, by making the industry self-sufficient in the matter of textile machinery and accessories, cannot be too strongly emphasised. The cotton textile machinery industry is a nascent industry in the sense that it began to establish itself only after the Second World War. But it has not yet acquired a firm foothold in the Indian market. As a nascent industry it has been, naturally enough, receiving protection since December 1949. Last year the Tariff Commission, which took up the question of extending protection to the industry, recommended that it would need protection for a further period of at least three years and the Government has since agreed to maintain the protective duties up to December 31, 1957.

The Tariff Commission had also recommended that, while imports of textile machinery should be carefully regulated in order to secure a fuller utilisation of domestic capacity, the mill industry should be allowed reasonable freedom to experiment with such improved types of machinery as are not yet manufactured in the country. To this the Government's resolution said that the import policy was flexible enough to permit imports of certain types of machinery which are not manufactured in India. The Indian textile machinery industry has claimed that it manufactures every type of machinery needed by the mills —including spinning ring frames, spindles, spinning rings, fluted rollers, dobbies and drop boxes, tin rollers and looms—and that, by constantly effecting improvements in production techniques, its products can stand comparison with any of their counterparts in the world.

It has, however, observed that, although in quality the indigenous products are as good as the imported ones, some textile mills show needless preference for the latter. At present not less than Rs. 5 crores have been invested by manufacturers of textile machinery in this country. The workshop of "Texmaco" (Gwalior), for instance, was completely reorganised in 1951 with the erection of a most modern building, plant and machinery costing about Rs. 1 crore. Other manufacturers, such as the National Machinery Manufacturers, have also excellent foundries. The plain powerlooms and automatic looms of "Texmaco" are suitable for cotton, rayon, silk and wool industries.

It is stated that the productive capacity of indigenous textile machinery industry, when fully utilised, can produce more looms than are needed by the mills. There, however, exist official restrictions on the installation of new powerlooms and this prevents up-to-date factories from getting adequate orders for the manufacture of looms. If part of the factory capacity remains idle, it is obviously a loss for the industry and ultimately to the country.

The Kanungo Committee, which was set up to advise the Government about the future policy regarding the installation of powerlooms, has made its recommendations which have been criticised by mill-owners as well as politicians—although for different reasons. According to the millowners, the recommendations do not go far enough in allowing them installation of new powerlooms and manufacture of fabrics according to their choice. On the other hand, in the opinion of some Congress leaders, the Kanungo report gives too much latitude to textile mills. Arguments apart, it looks hardly realistic on the part of the authorities to ban the installation of powerlooms or to prevent replacement of old powerlooms by new automatic looms. The cotton textile machinery industry in other countries is making rapid strides in technical developments. And if the installation of powerlooms to the requisite degree has not resulted in any significant displacement of labour and it has brought about significant improvements in the quality of textile products, there is no reason why India should not follow suit. Indigenous industry cannot hope to rival its foreign counterparts in the competitive world markets, today, by continuing to work on old and dilapidated powerlooms.

"MUTUALISING" THE ORIENTAL

BY
CROESUS

THE most notable news of the week has undoubtedly been the release to shareholders of details of the Mutualisation Scheme by Sir Cowasjee Jehangir, Bart., Chairman of the Oriental Government Security Life Assurance Co., Ltd. The notice in the morning papers on Thursday (5-5-1955) calling for an extraordinary general meeting of the shareholders to consider and, if thought fit, to pass the two relevant resolutions providing for the conversion of the "Oriental" from a company limited by shares—which it is at present—into a mutual company limited by guarantee was the first official and authentic disclosure of the management's decision to mutualise the "Oriental", although, as everyone knows, the proposal has been there for some years now. It may be remembered that there had been an insistent demand from certain quarters for details of the scheme inasmuch as all manner of versions used to crop up from time to time. In view of this and also in view of the interest in the subject —not only to shareholders in the "Oriental", but to shareholders in insurance companies generally, most of which, it would seem, are thinking of similar moves— let me outline the salient features of the scheme before proceeding to comment thereon.

Now, the "Oriental" has a paid-up share capital of Rs. 6 lakhs divided into 3,000 shares of Rs. 200 each. When it is mutualised, the mutual company will issue to these shareholders, "in full satisfaction and discharge" of their shares, 3,000 debentures of the face value of Rs. 8,800 each, carrying interest at 4 per cent per annum and redeemable at the end of 10, 15, or 20 years, as the case may be, at the option of the new company. But these debentures will have no charge on the mutual company's assets. In order to ensure payment of interest, the scheme specifically stipulates "that the interest to be paid on the debentures for the three years succeeding a valuation shall not exceed 10 per cent of the surplus disclosed at that valuation in terms of Section 49 of the Act", and further "that 15 per cent of the surplus disclosed at any Triennial Valuation shall be utilised to pay interest on the debentures (at the said rate of 4 per cent per annum) and the balance shall be carried to a Sinking Fund", one of the purposes of which will be to invest in the purchase of the debentures. All debentures purchased out of the Sinking Fund thus will be immediately cancelled and withdrawn.

Commending the scheme to the shareholders, Sir Cowasjee has stated in the circular: "The face value

of Rs. 8,800 fixed for each debenture....represents the intrinsic value of the share, and is a proper and equitable figure as between the shareholders, on the one hand, and the policy-holders, on the other. This figure has been arrived at by capitalising at a fair rate of interest the approximate dividend which the shares would earn in future out of the 7½ per cent of the surpluses which are likely to be disclosed from time to time at future triennial valuations of the company, having regard to the business at present written by the company and its future likely prospects. This figure has been arrived at after due consideration of all the relevant factors to be taken into account".

In so far as the shareholders are concerned, there is no doubt that the scheme is an extremly fair proposition. For they get, in exchange for each of their shares, a debenture of the face value of Rs. 8,800 which is Rs. 200 above the all-time high quotation for the "Oriental" shares reached in the year 1946. In 1949, however, the shares had actually declined to the very low level of Rs. 4,000. Last year, again, the quotation for these shares had shot up to Rs. 8,025. Secondly, whereas the highest dividend that the shareholders have so far got is Rs. 175 per share, they now stand to get Rs. 352 per share by way of interest on the face value of the debentures of Rs. 8,800 at 4 per cent per annum.

The Chairman has stated that "the amount of Rs. 8,800 has been arrived at by capitalising, at a fair rate of interest, the approximate dividend which the shares would earn in future out of the 7½ per cent of the surpluses which are likely to be disclosed from time to time at future triennial valuations of the company, having regard to the business at present written by the company and its future likely prospects". It is difficult for anyone to say what approximate dividend the shares of any company would earn in future and, in the case of insurance companies to link this to the business being written at present may provoke the query whether any allowance has been made for the spectacular rise in new business underwritten by leading companies like "Oriental", thanks to the drastic reductions in premiums of last year. This is not to suggest that the "Oriental" will not be able to march from progress to progress and that it will not continue to underwrite even larger volumes of business in future, but to presume the same on the basis of the 1954 figures may appear to some as rather taking a too optimistic view of the future. It may, therefore, be just as well to examine the proposition on the basis of the latest available valuation surplus balance sheets. I would take only the last two of these, those for the years 1948 and 1951.

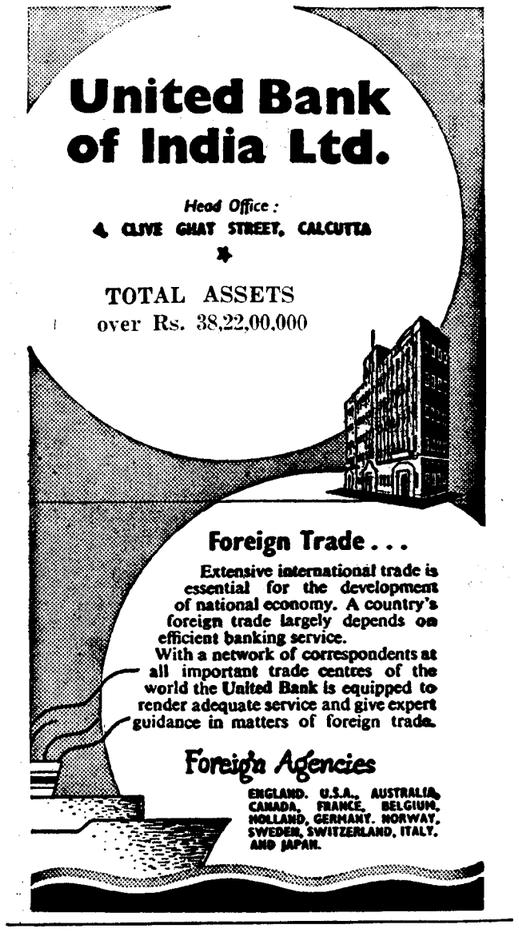
The results of valuation for the triennium ended 1948 yielded a surplus as per valuation balance sheet of Rs. 3.33 crores and the corresponding figure for 1951 was Rs. 3.58 crores. Ten per cent of these surpluses would work out to Rs. 33 lakhs and Rs. 36 lakhs, respectively. As against this, the proposed interest service on debentures for a three-year period will amount to only Rs. 31.68 lakhs. In other words, even assuming that only the present volume of business is going to be maintained—which is to take a very pessimistic view, besides being unfair to the "Oriental's" past records—there is no question of the requisite amount for interest service not being available at any time. If, for any unfortunate reason, there is any shortfall in payment of interest on the debentures during any triennium succeeding a valuation by reason of the 10 per cent of the valuation surplus not being sufficient to pay interest on the debentures, the scheme provides that "such shortfall or deficiency shall be made good and paid out of the excess, if any, of the diversion of 10 per cent or any smaller percentage of the valuation disclosed at the succeeding valuation or valuations, remaining after providing for interest at the said rate (4 per cent) on the debentures for the succeeding three years". In short, both as to principal and as to interest (and, in order to safeguard the interests of debentureholders until all the 3,000 debentures are redeemed, they have their own directors on the new company) the "Oriental's" shareholders have been fully taken care of. Indeed, the opinion in certain quarters is that they have been given such a liberal treatment that shareholders of other insurance companies also have begun seriously to think in terms of getting their companies mutualised. (Some of them opine, this is any day to be preferred to nationalisation!)

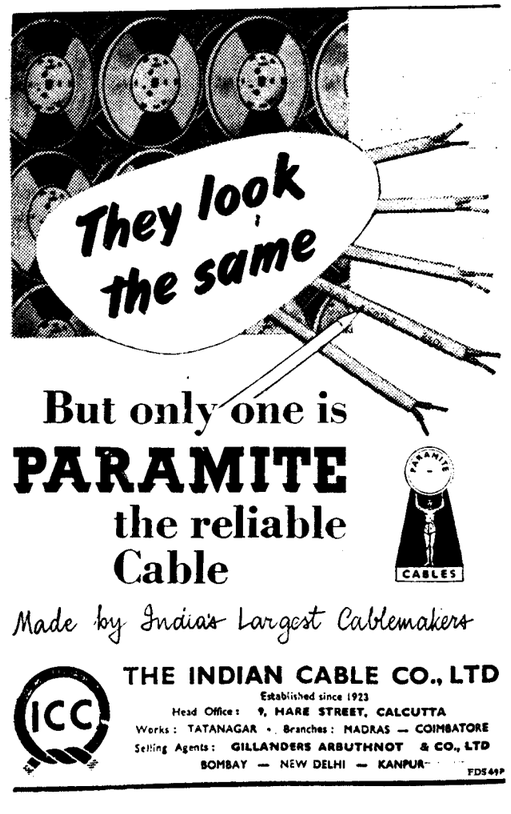
Although Sir Cowasjee has reiterated the view that "the scheme has been framed after careful consideration of the interests of both the shareholders and the policyholders and holds the scales fairly and evenly between them", there is a feeling among some policyholders that they have not only been treated with scant courtesy, in that not even a meeting of theirs is proposed to be convened to approve of the scheme, but that the face value of debentures has been fixed at a rather high figure. In offering this criticism, they seem to be influenced by two considerations. The first is that the value has been worked out after taking into account a very low interest basis and a reduced tax liability (20 per cent as against 50 per cent). Secondly, they say, the Chairman seems to convey the impression that, "by capitalising at a fair rate of interest, the approximate dividend which the shares would earn in future out of the 7½ per cent surplus", the shareholders are getting no more than what is due to them in fairness. This not all policyholders seem prepared to accept, without qualification.

Frankly, there is not much point in the first criticism. It is certainly not the present management's fault that the tax liability now is less than what it was before. But there is some force in the second. For, the 1948 and the 1951 valuation surpluses could not allow of a very much higher dividend than Rs. 175, after providing for tax on the shareholders' portion of the profit, and if Rs. 175 is capitalised to infinity at a 4 per cent per annum interest rate, it would amount to only Rs. 4,375. Even if the most optimistic view is taken that the "Oriental" will not only maintain a Rs. 50-crore increase in new business every year but surpass it under the new management, and 100 per cent extra is allowed for it, the result would still be less than Rs. 8,800, albeit by only Rs. 50.

Another grievance of policyholders is that, as against the present overall share of 7½ per cent of the valuation surplus which is going to shareholders now, as debentureholders in the mutualised company, they would be assured of up to 15 per cent of the surplus which has to be earmarked for payment of interest and creation of a Sinking Fund. This extra 7½ per cent gift to the shareholders, however, is only for a temporary period, say 20 years at the most—I don't think it will be longer than that, though the possibility is there—and, perhaps, in their long-range interests, many policyholders might not mind it.

Whatever may be the criticism of the scheme, there is one thing to be said in favour of it. It has come at last and, in the interests alike of the shareholders and the policyholders, it is desirable that the scheme takes concrete shape soon. So long has this Damocles' sword of mutualisation been hanging over the head of "Oriental" that it has led to avoidable and sharp fluctuations in the value of the Company's shares, the range extending from Rs. 4,000 to Rs. 8,600. There must be a few at least who have paid Rs. 8,600 for these shares and even these can have no cause for grouse if the present scheme goes through, as it is bound to, considering that the informal approval of the concerned Union Ministry is already believed to have been secured by the management.





NOTICE

Tenders are invited for the purchase of the undermentioned properties belonging to the Punjab Vanaspati and Oil Mills Ltd., situated at Aishbagh, Lucknow (U.P.), either in one lot or in different lots. The said properties are mortgaged in favour of the Industrial Finance Corporation of India and are to be sold by the latter in exercise of the powers conferred on it by Deed of Mortgage dated the 6th April, 1950, the Deed of Further Charge dated the 31st October, 1950 and by law.

PROPERTIES TO BE SOLD

Lot No. 1. Mills known as Punjab Vanaspati and Oil Mills Ltd., situated at Aishbagh, Lucknow (U.P.) consisting of 254020 Sq. Ft. or B9—6—12—4 of leasehold land, the factory and other buildings and structures and the plant and machinery etc., therein.

Lot No. 2. The Plant and Machinery for the manufacture of Oils.

Lot No. 3. Leasehold land, factory buildings and structures.

All the envelopes containing the tenders should be superscribed 'Tender for the purchase of properties of the Punjab Vanaspati and Oil Mills Ltd.', and sent by Registered Post addressed to the Managing Director, Industrial Finance Corporation of India, so as to reach on or before the 7th June, 1955 and the receipt of the tender will be acknowledged by regular receipts. For particulars of properties, conditions of sale and inspection of properties, please apply to the Corporation.

The Corporation is not bound to accept any or the highest tender.

Dated the 7th May, 1955.

V. R. SONALKER,
Managing Director,
Industrial Finance Corporation of India.
U.S. Hospital Building,
Keeling Road, Post Box No. 363,
NEW DELHI.
KLM.



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BUSINESS NOTES

U.K.-INDIA TRADE

TRADE BETWEEN India and the United Kingdom in the first quarter of 1955 reveals a sizable adverse balance for the U.K. This trend conforms with the trend prevailing in the first quarter of 1954, but this year U.K.'s import surplus has been greater than in the last year. U.K.'s imports from India in the first three months of 1955 were valued at £55.16 million and exports to India were valued at £32.86 million, leaving an adverse balance of £22.30 million. This is twice the size of her adverse balance in the first quarter of 1954.

In so far as trends in trade over a short period of a quarter are of any significance, a scrutiny of the composition of imports and exports suggests certain broad inferences. The major inference is that U.K.'s import surplus is caused by one commodity—tea. Her imports in the first quarter of 1955 exceed the imports in the same period of 1954 by a margin of £14 million. This difference is the direct result of the high prices of tea and it is vital to note that tea alone accounts for an increase of the order of £13.5 million between the two quarters. Among the other major items of U.K.'s imports from India, oils, fats and greases have registered a sharp increase of over £1 million. Cotton yarns and woven fabrics come next with an increase of £0.8 million. Miscellaneous textile fibres and waste are the only remaining group to register a higher import value. In respect of every other major category of imports from India there is a decline in value. It means that India has not been able to make good in volume what she has lost by reason of the fall in the prices of her exports. India's favourable balance, therefore, hung on the slender support of the boom in tea prices prevailing over that period. Since the boom has worn off and tea prices have assumed a downtrend in recent weeks, this tenuous support will not be available. It would be an error, in the light of this situation, to expect a straight projection of the trade balance in the first quarter over the whole calendar year.

It is the strength of U.K.'s exports to India that despite a price fall their total value has increased between the two quarters by £2.8 million at £32.8 million. All the components of her exports have maintained an uptrend, the only exceptions being petroleum and petroleum products which suffered a sharp fall of £0.8 million and railway vehicles, road vehicles and aireraft. The largest increase has been scored by iron and steel at a figure of £0.7 million. Machinery has registered a good increase at a slightly lower level than iron and steel. The next group which recorded a sizeable increase was chemicals which added half a million pounds more to U.K.'s export earnings than in the first quarter of the previous year.

SALT WITHOUT SAVOUR

THE GOVERNMENT of India's policy on small-scale manufacture of salt has been influenced by political considerations which are extraneous to the economics of the industry. The Press Note which it issued on May 11 last on this subject gives another indication that it is not keen on coming to grips with one basic issue facing the industry—the issue of enforcing higher standards of quality in production. After some half-hearted changes in the concessions extended to unlicensed small manufacturers, it has again restored the maximum limit of 10 acres of land in the case of this class of producers from the reduced limit of 2½ acres which had a nominal existence for less than three months. The position which will come into force from May 15 this year is that the present licensed manufacturers will be exempted from payment of the salt cess and in future the distinction between the two categories will be abolished for practical purpose. Licensing will be unnecessary up to the ceiling of 10 acres. The loss of revenue to the exchequer is neither large nor important.

The material aspect of the question which has been conveniently shelved is the issue of quality control. The concluding portion of the Press Note makes an apologia for this failure and seeks to make amends by a promise of enforcement of quality standards in small manufacture also. It must be emphasized that quality is not an insignificant drawback in the production of salt in India and this drawback has cost our country part of the export market which was built up in recent years. The Press Note makes a claim, probably on informed estimates, that the fillip given to small-scale production has been a potent factor in raising the total output. Small-scale production has offered some competition to organised production and immunity from quality control has been one of its strong points. The fact that this production caters to the demand for human consumption at home constitutes a powerful factor why it should be made to conform to requirements in regard to quality. But the difficulties in the administration of the control are real and numerous. If experience later corroborates the apprehensions of administrative inability to enforce quality control, the policy on small manufacture will call for revision.

PROSPECT FOR THE STOCK MARKET

IN ABOUT a year's time when the Securities Contracts (Regulation) Bill, introduced in Parliament towards the end of 1954, will be placed on the statute book, a timely measure will have been introduced on a country-wide scale for the rationalisation of the organised capital market. The structure of the Bill provides for healthy reform and regulation and, even though there has been some divergence on certain matters, the premier stock exchanges in the country have reacted favourably to it. In places where organised stock exchanges do not exist, the proposed system of licensing of brokers is presumed to secure salutary regulation. Stock exchanges, therefore, are about to set on the next phase of orderly progress.

The beginning of this phase almost coincides with the start of the second Five-Year Plan. The ambitious scale on which the next Plan is being conceived is expected to cast a larger obligation on the private sector than in the current Plan and its magnitude is to be of the order of Rs. 2,500 crores for all the components of the private sector. How much of it will be required from the organised capital market has not been estimated, but the size of the market's share need not stagger anybody. Mr. V. Rangachari, the outgoing President of the Madras Stock Exchange Association, refrains from giving way to easy optimism, but he has no doubts about the opportunities which industrial expansion in the second Plan is reasonably expected to open up for a vigorous role of the stock markets. Opportunities for fruitful investment are now promised on a scale which has not been offered at any time in the history of the development of industry in this country.

The economic and social pattern to which this country now stands committed, it must be protested, does not admit of the extension of all the essential incentives which the private sector enjoys under free conditions, but it would hardly be of any avail to quarrel with an order of things that cannot be helped. Such reliefs and incentives as the Government is disposed to provide in pursuance of its halting policy ought to be treated as complementary, but in essence private enterprise has to provide its own resources.

Mr. Rangachari urges the Government to carry out a survey of the investment habits and patterns of the various classes in the private sector to ascertain the nature and scope of incentives. Such a survey is unlikely to lead to any solid action on the lines needed and it seems superfluous in view of the findings of the Shroff Committee.

INDIGENOUS GLUCOSE

AT THE current enquiry before the Tariff Commission, the indigenous glucose industry has based its claim for continuance of protection on the plea that the established foreign industry is so entrenched in the world market that it can afford to conduct indefinitely an aggressive policy of competitive prices. On this ground it would be clear that protection must be extended beyond December 1955 when it is due to expire. But the home industry's demand for a ban on import cannot be sustained inasmuch as the use of glucose for medical purposes requires that considerations of production standards cannot be ignored. Even in the case of use of liquid glucose for the manufacture of confectionary, the grant of quota equal to 15 per cent of the best year's import ought to be continued. This is so far as the policy of protection is concerned.

But the home industry's contention about consumer prejudice can hardly stand scrutiny. Mr. M. D. Bhat's opening speech at the enquiry should prove sufficient to dispel any doubts about the domestic industry's performance on the score of quality. His concluding observation on the net effect of seven years of protection cannot be missed. It shows that this industry has not put the period of protection to good use to consolidate its progress and capture the home market. There is ample evidence to which Mr. Bhat has made several references that the quality of liquid glucose manufactured in India is inferior to that of imported glucose. The quality of glucose powder, manufactured on a limited scale, leaves much scope for continued improvement. The three new units which are to undertake production of glucose powder will also need vigilance in the interest of quality manufacture. Colour, consistency, clarity and smell constitute the weak spots in the industry. If a closed market is created for this industry, there is no reasonable certainty that quality will not be allowed to deteriorate. The Indian Standards Institution has evolved standards for both the varieties and these are at present pending technical examination. These standards when finally proposed will have to be enforced strictly. The demand for glucose in India is limited and it is not likely to expand very fast. It will be possible to satisfy the whole of it by domestic production. Protection, however, is intended to achieve not merely self-sufficiency but improvement in competitive efficiency. The progress made in this direction so far is a sharp reminder that deliberate efforts must be made to secure this improvement.

FINANCIAL RELIEF FOR FILMS

LESS FULL houses and readjustment in rates are positive indicators of the declining prosperity of the film industry. The recommendations made by the Film Inquiry Committee may not have carried full conviction at the time the Committee's report was tendered to the Government. But now in view of the rapid change away from the easy prosperity of the inflationary phase the reliefs urged in the report deserve to be considered with sympathy. Too much preoccupation with the ethical aspect of the industry and the misplaced zeal of moralists who happen to be in power have been responsible for an attitude of apathy. It ought to be realised more clearly than has been the case hitherto that reform in the moral standards of the industry is not the function of the Government but of educated public opinion and the pressure which patrons of cinemas can bring to bear upon producers. Government's duty to promote the growth of the industry arises from the potential value which the cinema industry possesses as the most popular medium of entertainment and educative propaganda.

The President of the Indian Motion Picture Producers' Association has again raised his voice for timely help and relief to the industry. It may not be possible to endorse his sweeping condemnation of the Central Censor Board, but there is considerable force in his plea for a more rational policy of censorship. His suggestion about applying the censor's axe at the script stage instead of at an advanced stage after considerable outlay is incurred on the production of films has much to commend itself. This may be made the general rule, but in some cases the divergence between the script and the effect produced on the screen is so glaring that cehsorship at the script stage may not prove correct in all cases. It is pertinent to urge in this context that the Association should take earnest measure to improve the choice of script writers and the quality of scripts.

The ideal of one cinema for every big village pleaded by the Association's President has little relevance for the near future and the financial state of the industry in urban centres would indicate that the practical requirements at present are those of consolidating its progress in these areas. The immediate problems are those of relief from heavy taxation which is adversely affecting film production and provision of finance for the industry at cheap rates of interest. The market for Indian films abroad has large potentialities of expansion and successful measures to tap it can be undertaken only after the financial resources of the industry are strengthened. Since the entertainment tax attracts sizable revenue, it should be possible to earmark part of it for promoting the progress of this industry.

EXPANSION OF DDT OUTPUT

WITH THE establishment of the second government-owned factory at Alwaye in Travancore-Cochin, as announced this week, at a cost of Rs. 75 lakhs, the expansion plan for India's production of this strategic insecticide will be complete. It was clearly known for some time past that the capacity of the plant near Delhi is to be doubled and this decision has also been announced formally. At present the capacity of the plant near the Capital city is 700 tons per annum and production is expected to reach this rate by the end of 1955. The rated capacity of each of the two plants, in terms of the new decision, will be 1,400 tons per year, bringing the total output in the neighbourhood of 3,000 tons.

The encouraging results achieved in the anti-malaria campaign in this country have brought home the necessity of indigenous manufacture of DDT. The requirements at the peak of the campaign are put at 8,000 tons of all insecticides per year, but once the scourge is subdued maintenance operations will require a supply of 5,000 tons. Of this latter figure, 2,000 tons of benzene hexachloride are expected to be produced by private factories in this country. The balance of 3,000 tons will consist of home produced DDT. It is not worth while to plan for export since local production of this insecticide is easy and may be undertaken in several countries.

COMPANY AFFAIRS

INDO-BURMA

A steady rise in the rate of dividend on ordinary share capital from 15 per cent in 1952 to 20 per cent in 1953 and 30 per cent in 1954 is revealed in the Directors' report and statement of accounts of the Indo-Burma Petroleum Company Ltd., for the year ended December 31, 1954. The profits for the year at Rs. 48.84 lakhs, though satisfactory, are slightly reduced from Rs. 58.76 lakhs in 1953. The new arrangement in Burma, where the company is now acting as a Selling Agent of the Burma Oil Co. (1954) Ltd., in respect of its products, the Directors state, is responsible for the fall in profits. Provision for taxation has been brought down from Rs. 44.0 lakhs in 1953 to Rs. 24.0 lakhs in the year under report, which has left a larger sum for distribution. An amount of Rs. 5.58 lakhs has been earmarked for depreciation for the year as against Rs. 4.61 lakhs for the preceding year.

While the products handled and other expenditure have cost the company Rs. 592.30 lakhs compared to Rs. 562.37 lakhs in the previous year, the sales and commission earned have also appreciated from Rs. 638.51 lakhs in 1953 to Rs. 664.49 lakhs during the year. Salaries and wages, which had jumped from Rs. 13.50 lakhs in 1952 to Rs. 17.29 lakhs in 1953, are about the same at Rs. 17.36 lakhs.

A summary of the working of the company for the last three years is given below:

(In Rs. lakhs)

Year ended December 31	1952	1953	1954
Sales and Commission earned	607.05	638.51	664.49
Cost of products handled, etc.	552.76	562.37	592.30
Salaries and wages	13.50	17.29	17.36
Profits*	46.11	58.76	48.84
Provision for depreciation	4.35	4.61	5.58
Provision for taxation	27.16	44.00	24.00
Ordinary dividend rate (per cent)	15	20	30

* Subject to taxation and depreciation.

THE VISHNU COTTON

A loss of Rs. 1.26 lakhs in the working of the Vishnu Cotton Mills Ltd., for the year ended December 31, 1954 has been attributed by its Directors partly to difficult trading conditions during the year, particularly in coarse and medium styles, and partly to production control and changing fashions in the internal markets. In the export trade, the Company has felt the disadvantage of being situated upcountry.

Stocks, which had inclined upward and stood at Rs. 69.53 lakhs in 1953, are now reduced by Rs. 19.5 lakhs to Rs. 50.04 lakhs, and the sales have gone up to Rs. 250.84 lakhs compared to the 1953 year's Rs. 200.52 lakhs. Cotton has cost the company Rs. 130.78 lakhs which is fairly higher than Rs. 102.06 lakhs for 1953. The bill for salaries and wages has been hovering around Rs. 60 lakhs for the last three years, with only a marginal increase in 1953. Provision for Depreciation has been increased from Rs. 6.66 lakhs in 1953 to Rs. 11.82 lakhs in the year under review. The ordinary dividend rate remains constant at 4 per cent as in 1953 which had been brought down to that level from 10 per cent in 1952.

BENGAL FLOUR

The figures for sale of the Bengal Flour Mills Co., Ltd. which stood at Rs. 120.94 lakhs for the six-month period ending December 1953, went down to Rs. 115.45 lakhs for the period ending June 1954 and further down to Rs. 68.91 lakhs during the six months ending December 1954. Curiously, the profits went up from Rs. 2.41 lakhs to Rs. 2.64 lakhs, and Rs. 3.45 lakhs for the respective periods. In line with the rise in profits, the ordinary dividend rate also was increased from 17½ per cent to 20 and 30 per cent for the same periods respectively. The increase in the dividend for the latest six-month period has been attributed by the Directors to the exceptional receipts shown separately in the Profit and Loss Account of the company.

The stocks fell from Rs. 5.34 lakhs to Rs. 1.00 lakh during the period under review. Provision for depreciation is slightly higher at Rs. 60 thousand against Rs. 56 thousand during the previous half year, and the provision for taxation has fairly been raised from Rs. 1.80 lakhs to Rs. 2.66 lakhs during the period under report. A sum of Rs. 0.92 lakhs has been carried forward against Rs. 0.67 lakhs in the preceding six months.

A summary of the accounts of the company for the previous three half-years is given below for a comparative study.

(In Rs. lakhs)

Half-year ended	December 1953	June 1954	December 1954
Sales of flour, etc.	120.94	115.45	68.91
Stock	0.05	5.34	1.00
Manufacturing charges	84.89	112.17	56.31
Salaries and wages	2.31	2.32	2.44
Depreciation	1.01	.56	.60
Taxation	1.31	1.30	2.66
Profit*	2.41	2.64	3.45
Dividend rate (per cent per annum)	17½	20	30
Carried forward	.73	.67	.92

* After providing for depreciation and taxation.

THE NEW GREAT INSURANCE CO.

The New Great Insurance Company of India Ltd., has shown a further steady progress in 1954. The net premium income has risen by Rs. 5,57,964 to Rs. 75,17,036. The premium from the Marine and Miscellaneous departments was Rs. 18,78,120 and Rs. 14,42,440 respectively, which was slightly higher than the last year, whilst in the Fire Department it was Rs. 21,17,689 slightly lower than the last year. The total premium from the Life Department amounted to Rs. 20,78,787 showing an increase of Rs. 3,10,599 over last year. The aggregate total of the underwriting reserves in respect of General Insurance Business at the end of 1954 was Rs. 36,58,184 as against Rs. 33,50,920 in the previous year. The Life Fund stood at Rs. 73,20,694 as against Rs. 58,91,777 in 1953. The net profit for the year after taking into account the balance carried forward from the previous year amounted to Rs. 2,57,862 as against Rs. 2,51,212 for the previous year.

The Directors have maintained the same rate of dividend as last year, viz. Rs. 1-4 per share or 6¼ per cent on the paid-up capital, tax-free.

DUNLOP RUBBER

A cable received from London gives the following summary of the trading results of the Dunlop Rubber Company (England) for 1954 as compared to 1953:

	1954 £	1952 £
Net profit after taxation	2,902,972	2,624,082
Transfer to general reserve	1,000,000	1,800,000
Ordinary dividend	14% (of which 4% was paid as an interim in Dec. 1954).	12% plus bonus 2%
Carry forward	1,494,523	1,488,893

COMMODITY NEWS AND NOTES

RABI CEREALS ESTIMATE

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of rabi cereals (wheat and barley) for 1954-55 puts the current year's area and production at 34,131,000 acres and 10,392,000 tons, as against 32,393,000 acres and 9,329,000 tons in the adjusted second estimate for 1953-54. This shows an increase of 1,738,000 acres or 5.4 per cent in area and 1,063,000 tons or 11.4 per cent in production over 1953-54.

The increase in acreage during the current year has been reported by almost all the rabi cereal-growing States. Significant increases have, however, taken place in Bihar, Bombay, Madhya Pradesh, Punjab, Uttar Pradesh, West Bengal, Madhya Bharat, PEPSU and Bhopal. The increase in acreage has been generally attributed to favourable weather conditions at the time of sowing. Hyderabad and Mysore are the only States to report negligible decreases in the current year's acreage under these crops.

The increase in production, also reported by almost all the rabi cereal-growing States, has been shared mainly by Bihar, Bombay, Madhya Pradesh, Punjab, Uttar Pradesh, Madhya Bharat and PEPSU. The increase in production is due partly to the increase in acreage and partly to favourable climatic conditions during the growing period. Rajasthan is the only State to report a negligible decrease in the current year's production of these cereals.

This estimate generally covers the period up to the beginning of March 1955. Till then, the conditions for the growth of these cereals were reported to be generally satisfactory in almost all the States.

BLACK PEPPER ESTIMATE

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India final estimate of black pepper (Piper Nigrum), 1954-55 puts the current year's area and production at 2,08,200 acres and 25,800 tons, as against the partially revised estimate of 2,07,700 acres and 23,800 tons, respectively. Thus the current year's estimate shows an increase of 500 acres, or 0.2 per cent in area, and 2,000 tons or 8.4 per cent in production, over last year.

The increase in area has taken place in Madras, while that in production has been reported by Travancore-Cochin.

COAL OUTPUT IN MARCH

The output of coal in collieries in India increased to 3,304,154 tons in March from 3,251,662 tons in February 1955, according to official statistics released by the Chief Inspector of Mines in India. Despatches of coal during the month amounted to 2,764,412 tons as against 2,502,505 tons in the preceding month. Coal stocks at pitheads thus increased from 3,879,459 tons at the beginning of the month to 3,945,961 tons at the close of the month.

During the month under review, 841 collieries were reported to be working with an average daily employment of 3,51,061 workers. Output per man-shift was estimated at 1.08 tons for miners and loaders, 0.59 ton for all workers underground and in open-workings and 0.38 ton for all persons employed including surface workers. The percentage of absenteeism was 14.78.

Coke plants at collieries and elsewhere produced 3,75,454 tons of hard, soft and other kinds of coke during the month and despatched 1,80,202 tons.

ESTIMATE OF SMALL-MILLETS

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, the all-India second estimate of small-millets for 1954-55 puts the current year's area and production at 12,199,000 acres and 2,029,000 tons, as against 12,030,000 acres and 1,984,000 tons in the corresponding estimate for 1953-54. This shows an increase of 169,000 acres or 1.4 per cent in area, and 45,000 tons or 2.3 per cent in production over 1953-54.

The increase in acreage has been shared mainly by Vindhya Pradesh, Madras and Andhra and to a lesser extent by Himachal Pradesh, Bhopal and Orissa due to sufficient and timely rainfall received at the time of sowing. The increase in acreage has, however, been offset to some extent by decreases reported by Bombay, Madhya Pradesh, Uttar Pradesh, Hyderabad, Mysore and Rajasthan due to unfavourable weather conditions at the sowing time.

FINAL ESTIMATE OF MESTA

According to the same Directorate, the all-India final estimate of mesta, 1954-55, puts the current year's acreage and production at 5,71,000 acres and 11,06,000 bales (of 400 lbs. each) as against the partially revised estimate of 4,68,000 acres and 6,56,000 bales, respectively, for 1953-54. This shows an increase of 103,000 acres or 22.6 per cent in area, and 4,50,000 bales or 68.6 per cent in production over last year.

PEPSU TO BUY WHEAT

The PEPSU Government has decided to purchase wheat at Rs. 10 per maund to bolster sagging wheat prices. The Government of India has allocated a sum of Rs. 2 crores to PEPSU for this purpose, out of a sum of Rs. 22 crores earmarked for price support of wheat all over India. The PEPSU Government has decided to appoint two commission agents in each of the 28 selected markets. Instructions have been issued to Deputy Commissioners to appoint the commission agents.

STANDARD FOR DRUGGETS

An Indian Standard Specification for Woollen Druggets for Export has been issued by the Indian Standards Institution. Eight grades of druggets have been prescribed in this specification. The grades have been fixed on the basis of the colour of the body in the case of unpatterned druggets, and of the background in the case of patterned druggets. The drugget industry is essentially a cottage industry, and the chief market for druggets is the United States of America. Thus it is a dollar earning commodity.

UNLICENSED SALT PRODUCTION

The Union Minister for Production, Mr. K. C. Reddy, told the Lok Sabha on May 5 that Government had reviewed the whole position regarding the unlicensed production of salt and had come to the conclusion that the modification of the 1948 concession by limiting the free production of salt to areas of 2½ acres or less would result in discouraging small producers who had established themselves with great effort. Government had also decided to exempt from the payment of cess small-scale licensed producers as well working in areas up to 10 acres. Encouragement of small-scale producers, he added, had been the main reason for that decision. The concession given to unlicensed producers of salt under the Press Note of April 23, 1948, would remain unchanged.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index)† Year Ended August 1939=100						Security Prices †† (1949–50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947–48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948–49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949–50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950–51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951–52 ..	398·6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952–53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953–54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
1954–55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
June 1954 ..	343.2	441.0	355.6	378.7	647.3	381.6	90 8	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384·4*	90.4	100.5	88.6	121.0
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376,1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.2	114.2
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	101.7	87.4	115.4
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
Week Ending										
26–3–1955 ..	293.0	400.1	332.0	374.5	545.6	349.3	90.6	100.6	87.4	115.8
2–4–1955 ..	295.3	403.4	329.5*	376.1*	546.7	350.6*	90.6	100.6	87.5	115.6
9–4–1955 ..	286.4	400.4*	326.9	376.1	543.0	346.4*	90.5	100.6	87.3	116.8
16–4–1955 ..	282.4	396.9	327.7	375.3	539.8	344.2	90.5	100 6	87.3	115.7
23–4–1955 ..	..	..	..	..	..	..	90.5	100.6	87.6	115.1

†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	Jubbulpur†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	—	—	333	141	—	—
February	328	345	207	128	310	384	—	—	326	—	—	—
March	—	—	—	127	—	—	—	—	321	—	—	—
April	—	—	—	—	—	—	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	7-5-1955			30-4-1955			23-4-1955			16-4-1955		
week-ended	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	97–15	94–14	96– 5	98–13	96–10	97–11	97– 5	96– 2	96– 9	96–14	95– 1	95–14
Silver (per 100 fine tolas)	168–13	167– 2	168– 5	171– 2	169– 5	170– 0	169– 1	166– 5	167– 9	167– 0	165– 2	166– 9

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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
Week Ending										
25-3-1955	1,277,09	15,92	1,293,02	40,02	646,85	686,87	53.12	102,20	503,95	1,293,02
1-4-1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1,302,84
8-4-1955	1,322,77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1.316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105,84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
25-3-1955	59,45	60,27	47,72	21,53	188,97	29,86	228,83	16,22	10,37	83,15†	45	47,87	49,38	21,39
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32,01	196,45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21
15-4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33,94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33,46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46

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

INDUSTRIAL PRODUCTION AND CAPACITY 1953 AND 1954

I— LEATHER INDUSTRIES

Name of the Industry	1953			1954		
	No. of units	Installed capacity	Actual Production	No. of units	Installed capacity	Actual Production
* 1 Vegetable tanning of hides (expressed in terms of cow hides one buff hide = two cow hides) ..	25	3,112,200 (In terms of cow hides)	1,297,987 (In terms of cow hides)	24	3,303,600 (In terms of cow hides)	1,370,750 (In terms of cow hides)
** 2 Chrome tanning of hides	16	1,976,400 hides	701,693 hides	13	1,679,400 hides	667,968 hides
† 3 Western type of leather footwear ..	9	4,604,976 prs	3,347,450 prs	11	5,884,800 prs	3,268,010 prs
†† 4 Indigenous type of leather footwear ..	9	These are handmade and capacity depends upon demand	2,204,518 prs	11	These are handmade and capacity depends upon demand	2,062,370 prs
5 Glue ..	9	23,480 cwts	17,094 cwts	7	23,480 cwts	18,114 cwts

J—PAPER INDUSTRY

Paper and paper board ..	19	151,000 (Tons)	139,704 (Tons)	20	173,700 (Tons)	155,328 (Tons)

K—ARTIFICIAL SILK YARN

1 Rayon yarn ..	2	11.2 (m. lbs)	9.97 (m. lbs)	3	17.0 (m. lbs)	11.01 (m. lbs)
2 Staple fibre ..	..	..	..	1	12.0 (m. lbs)	6.80 (m. lbs)

*1. In addition, vegetable tanning of buffalo and cow hides is also carried on cottage industry basis in almost all villages on small-scale basis by over 500 tanneries mostly situated in South India. The annual output of tanned buffalo and cow hides by the two sections combined is estimated at 16 million to 17 million tanned hides. In addition this section of the industry also processes about 24 million goat and sheep skins a year for vegetable tanning.

**2. In addition there are about 250 small scale chrome tanneries mainly situated in the Calcutta Area owned and run by the Chinese community. Their annual output is estimated at about 1.5 million hides.

†3. Western type of leather footwear is also produced on a cottage and small scale industry basis in many parts of the country. Agra is the best known and is the largest western type footwear producing centre on cottage and small scale industry basis. Annual production by this method is estimated at 12 to 13 million pairs.

††4. Indigenous type of leather footwear is also Produced on cottage and small-scale industry basis in almost all parts of the country. Production from this source is estimated at 65 to 70 million pairs annually.

L—RUBBER MANUFACTURES

Item	Accounting Units	1953 No. of Units	1953 Installed Capacity	1953 Actual Production	1954 No. of Units	1954 Installed Capacity	1954 Actual Production
1. Aero Tyres	Nos.	2	6,600	1,292	2	6,600	3,511
2. Aero Tubes	,,	2	5,700	525	2	5,700	1,566
3. Automobile Tyres	,,	2	925,200	767,699	2	925,200	832,774
4. Automobile Tubes	,,	2	925,200	658,479	2	925,200	748,694
5. Bicycle Tyres	,,	5	5,582,868	4,645,025	4	5,770,300	5,226,005
6. Bicycle Tubes	,,	5	7,790,400	4,600,698	5	8,127,900	5,576,991
7. Cab. Tyres	Ft.	4	1,556,100	442,403	3	1,465,500	324,411
8. Dipped Rubber Goods	Doz.	16	45,029,900	12,443,502	16	46,979,700	18,402,463
9. Ebonite	Lbs.	10	610,400	88,235	14	1,157,400	114,448
10. Fan Belts	Nos.	4	582,300	432,531	5	882,300	500,886
11. Latex Foam Sponge	Lbs.	2	766,600	495,982	7	1,126,000	938,184
12. Other Types of Hoses	Ft.	12	7,495,300	4,422,179	14	9,918,000	4,864,000*
13. Radiator Hoses	Nos.	8	470,400	139,821	9	474,300	162,596
14. Railway Rubber Springs	,,	4	1,290,000	1,233,182	4	1,290,000	1,323,860
15. Rubber Foot-wear	Prs.	18	36,559,200	23,993,567	19	41,131,200	31,220,760
16. Tractor Tyres	Nos.	2	5,400	9,615	2	5,400	19,154
17. Tractor Tubes	,,	2	6,000	8,131	2	6,000,000	16,881
18. Vacuum Brakes Hoses	,,	4	1,020,000	472,186	4	930,000	620,570
19. Water Proof Fabrics	Yds.	10	5,740,000	2,061,624	12	5,982,000	2,029,139

PROGRESS OF PROTECTED INDUSTRIES

Name of the industry	Date of protection	Date of deprotection	Unit of production	Production in pre-protection/protection year	Production in 1954	Remarks
A. Industries first protected in pre-war years.						
1. Artificial silk fabric industry ..	1934		Million yards	Nil	N.A.	
2. Cotton textile industry ..	1927	1947				
(a) Yarn			Million lbs.	807	1,564	
(b) Piecegoods			Million yds.	2,259	5,000	
3. Heavy chemicals industry ..	1931	1933		N.A.	N.A.	
4. Iron and steel industry ..	1924	1947	Thousand tons	731	1,532	Figures relate to steel ingots.
5. Magnesium chloride industry ..	1931	1948	Tons	4,402	N.A.	
6. Matches industry ..	1928	..	Thousand cases	214	490	1 case equals 50 gross matches.
7. Paper industry ..	1925	1947	Thousand tons	27	*90	*For January-October, 1954.
8. Salt industry ..	1931	1938	Thousand tons	1,711	*2,660	*For January-November, 1954.
9. Sugar industry ..	1931	1950	Thousand tons	158	*836	*For January-November, 1954.
10. Sericulture industry ..	1934	..	Thousand lbs.	2,062	2,741	Figures relate to raw silk.
11. Gold and silver thread industry ..	1931	1948		N.A.	N.A.	
B. Industries first protected in post-war years.						
(a) Metallurgical industries						
1. Alloy tool and special steel industry	15/3/48	..	Tons	652	536	
2. Aluminium industry	15/5/48	..	Tons	1,070	4,886	Figures relate to ingots.
3. Antimony industry	22/3/47	..	Tons	119	539	
4. Non-ferrous metals industry	11/6/48	..		N.A.	N.A.	
5. Ferro-silicon industry	10/5/48	31/12/53	Tons	1,166	*3,811	*Relates to 1953.
(b) Chemical and allied industries						
6. Bichromates industry	21/12/46	..	Tons	2,080	2,988	
7. Calcium chloride industry	21/12/46	..	Tons	818	524	
8. Calcium lactate industry	12/8/50	..	Tons	11	33	
9. Caustic soda and bleaching powder industry	28/1/55	..				
(a) Caustic soda			Tons	22,831	26,162	
(b) Bleaching powder			Tons	1,945	2,680	
10. Dye-stuffs industry	2/2/55	..	..	..	..	Protected only recently.
11. Glucose industry	12/4/48	..	Tons	354	178	
12. Hydroquinone industry	28/7/51	..	Lbs.	7,461	31,288	
13. Oleic and stearic acids industry	4/6/48	..	Tons	76	655	
14. Phosphates and phosphoric acid industry	21/12/46	1/4/49	Tons	26	N.A.	
15. Potassium permanganate industry	12/4/48	11/3/50	Tons	13	N.A.	
16. Soda ash industry	22/2/50	..	Tons	17,918	48,293	
17. Photographic chemicals industry	21/12/46	..				
(a) Sodium thiosulphate	..	..	Tons	79	479	
(b) Sodium sulphite	..	..	Tons	55	193	
(c) Sodium Bisulphite	..	..	Tons	54	345	
18. Starch industry	12/4/48	..	Tons	1,350	*19,562	*For 1953.
19. Titanium dioxide	9/12/53	..	Tons	387	1,369	

STATEMENT SHOWING PROGRESS OF PROTECTED INDUSTRIES (Contd.)

Name of the industry	Date of protection	Date of deprotection	Unit of production	Production in pre-protection/protection year	Production in 1954	Remarks
(c) Engineering industries						
20. Automobile and accessories industries						
(a) Hand tyre inflators	14/2/55	..	..	..	..	)
(b) Leaf springs	9/10/54	..	..	..	..	) Recently protected.
(c) Sparking plugs	22/1/55	..	..	..	..	)
21. Ball bearings industry	10/1/53	..	Thousand Nos.	234	N.A.	
22. Batteries for motor vehicles industry	4/9/48	..	Thousand Nos.	107	198	
23. Bicycles industry	22/3/47	..	Nos.	42,984	348,666	
24. Cotton and hair belting industry	12/4/48	..	Tons	640	836	
25. Cotton textile machinery industry						
(a) Spindles	17/12/49	..	Thousand Nos.	N.A.	357	
(b) Spinning rings	,,	..	Thousand Nos.	N.A.	633	
(c) Ring frames	,,	..	Nos.	219	234	
(d) Plain looms	,,	..	Nos.	2,392	1,603	
(e) Fluted rollers	31/7/51	..	Nos.	73,680	101,329	
(f) Tin rollers	,,	..	Nos.	1,767	N.A.	
26. Dry batteries industry	12/4/48	31/12/53	Million Nos.	87	139	
27. Electric brass lamp holders industry	14/7/51	..	Thousand Nos.	116	129	
28. Electric motors industry	12/4/48	..	Nos.	8,913	31,288	
29. Grinding wheels industry	10/5/47	..	Tons	*200	506	*Relates to 1948.
30. Hurricane lanterns industry	25/1/47	31/12/54	Thousand Nos.	470	4,604	
31. Machine screws industry	1/12/51	..	Thousand gross	120	193	
32. Oil pressure lamps industry	13/1/51	..	Thousand Nos.	41	57	
33. Pickers industry	23/9/48	31/12/54	Thousand gross	17	20	
34. Power and distribution transformers industry	30/5/53	..	Nos.	3,916	N.A.	
35. Sewing machines industry	22/3/47	31/12/54	Nos.	6,871	80,299	
36. Wood screws industry	22-3-47	..	Thousand gross	183	1,661	
37. Zip fasteners	16/2/52	31/12/54	Thousand feet	120	180	
(d) Other industries						
38. Buttons industry	13/1/51	..	Thousand gross	*192	N.A.	*Relates to plastic buttons only. Other types of buttons have since been deprotected.
39. Coated abrasives industry	25/1/47	..				
(a) Abrasive cloth			Reams	N.A.	16,608	
(b) Abrasive paper			Reams	25,820	56,822	
40. Cocoa powder and chocolate powder industry	1/2/47	..				
(a) Cocoa powder	..	..	Cwts.)	*2,170	1,179	Relates to both cocoa powder and chocolate.
(b) Covering chocolate	..	..	Cwts.)		1,454	
41. Fountain pen ink industry	29/7/50	31/12/53	Thousand doz. bottles of 2 oz. each	110	*283	*For January-November, 1953.
42. Pencils industry	9/12/50	31/12/53	Thousand gross	41	*73	*For January-November, 1953.
43. Plastics industry	7/1/50	..	Tons	125	472	Figures relate to P.F. Moulding powder.
44. Plywood tea-chest industry	12/4/48	..	Million sq. ft.	34	54	
45. Preserved fruits industry	27/5/47	..	Lbs.	N.A.	N.A.	
46. Sago industry	16/9/50	..	Cwts.	*6,000	N.A.	*Estimate.
47. Sheet glass industry	25-2-50	..	Million sq. ft.	3.5	32.2	
48. Steel baling hoops industry	10/4/48	..	Tons	5,857	10,988	
49. Steel belt lacing industry	10/5/48	31/3/50	Thousand boxes	*38	N.A.	*Estimate.

INDIA'S TRADE WITH THE UNITED KINGDOM

Principal Exports

(£ '000)

	Year 1954	March 1954	March 1955	3 Months Jan.-Mar. 1954	3 Months Jan.-Mar. 1955
Total all Exports	148,595	11,627	13,715	41,239	55,157
Of which:—					
Tea	76,963	5,273	11,546	22,033	35,570
Leather, leather manufactures and dressed furs	13,271	1,184	1,218	4,068	3,195
Tobacco and tobacco manufactures	6,910	87	42	319	257
Hides, skins and fur skins, undressed	974	77	98	276	251
Wool and other animal hair and tops	5,567	294	330	1,550	1,423
Cotton	2,584	306	331	962	912
Miscellaneous textile fibres and waste	1,070	116	177	205	393
Metalliferous ores and metal scrap	3,081	174	281	905	759
Miscellaneous animal and vegetable crude materials	4,526	261	464	1,141	1,369
Animal and vegetable oils, fats, greases and derivates	1,892	52	671	129	1,167
Cotton yarns and woven fabrics	6,855	548	833	1,460	2,255
Miscellaneous textile manufactures	16,444	2,305	1,489	5,661	4,479

Principal Imports

	Year 1954	March 1954	March 1955	3 Months Jan.-Mar. 1954	3 Months Jan.-Mar. 1955
Total all Imports	114,907	11,691	12,722	30,092	32,861
Of which:—					
Machinery other than electric	28,001	2,746	2,925	7,441	8,094
Electric machinery, apparatus and appliances	14,836	1,595	1,410	4,154	4,270
Wool and other animal hair and tops	4,929	626	544	1,287	1,405
Petroleum and petroleum products	4,610	483	176	1,367	555
Chemicals	15,127	1,563	1,862	3,762	4,223
Paper, paperboard and manufactures thereof	1,331	170	139	822	489
Iron and steel	5,891	668	996	1,605	2,313
Non-ferrous base metals	1,653	155	248	845	580
Manufactures of metals	5,080	646	453	1,440	1,200
Railway vehicles	3,052	376	305	1,012	954
Road vehicles and aircraft	9,363	1,254	990	2,704	2,456
Scientific instruments; photographic and optical goods; watches and clocks	2,239	200	315	523	799

Machinery Imports

	Year 1954	March 1954	March 1955	3 Months Jan.-Mar. 1954	3 Months Jan.-Mar. 1955
Total Machinery	42,837	4,341	4,335	11,595	12,364
Of which:—					
Boilers and boiler-house plant	1,463	143	108	463	422
Internal combustion engines	1,916	209	186	498	447
Agricultural machinery	197	15	14	33	52
Agricultural and track-laying tractors	754	57	125	189	296
Machine tools (excluding portable power tools)	2,005	218	203	513	580
Pumps	744	78	81	159	182
Industrial and works trucks and tractor and mechanical handling equipment	1,612	160	167	341	473
Excavating and earth-moving machinery and road rollers	650	27	145	86	387
Mining and well drilling machinery	481	51	27	145	79
Printing and bookbinding machinery and printing type	573	74	44	142	182
Textile machinery	6,863	667	423	1,875	1,695
Air conditioning and refrigerating machinery	252	31	37	71	74
Generating sets, generators and motors	2,233	211	203	556	665
Converting machinery, transformers, switch gear and switchboards	4,023	443	401	1,030	1,183
Electronic valves, and radio, television, radar and sound reproducing apparatus	1,544	84	97	293	479
Telegraph and telephone equipment and line apparatus	1,420	143	44	599	216
Electric cables, wires, strips and strands, installed	2,705	382	371	927	809

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.)

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The Eastern Economist

VOL. XXIV. NO. 20. NEW DELHI: MAY 20, 1955. ONE RUPEE

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The State of Indo-Pakistan Relations

WITH the Prime Minister of Pakistan in New Delhi this week, the spotlight has been on Indo-Pakistan relations. Kashmir has proved as usual an unyielding obstacle. Perhaps, it was wise on this occasion, therefore, that there were two important sidelines which have been useful in preventing a total failure. The first of these was an agreement on the prevention of border clashes. Full agreement was reached in discussions in which the primary figures were India's Home Minister, Mr. Govind Ballabh Pant, and Pakistan's Minister of the Interior, Maj.-Gen. Iskander Mirza. This agreement was precipitated in a sense by the Nekowal incident in which it would appear U.N. observers have held that the guilt lies wholly on the Pakistan side. Complete agreement has now been reached on measures to prevent such incidents, and there is now to be a determined effort to demarcate the border. If Kashmir was not the main subject of

the conference, this would be viewed a handsome gain. There has also been progress on the India Office Library, an issue which, though trivial in the great mass of Indo-Pakistan differences, has still awaited settlement for eight years. Both sides are to blame for failure to reach agreement on this small matter.

While commentators are justified in drawing some consolation from agreement on other issues, the failure on Kashmir, however softened by communiques and private conversation, seems to overwhelm all other matters. It is difficult to see in retrospect what the advance now claimed in approach really means. The fundamental approach still remains the same—a plebiscite or a referendum or some means of ascertaining the will of the people of Kashmir. But the difficulties in the holding of the plebiscite are as great as they have ever been. It is difficult therefore to be optimistic on this matter, and one can well wonder whether the plebiscite approach really holds out prospects of a fruitful settlement.

So far as India is concerned, the nearer one goes to the date of the general elections the more difficult must be the holding of a plebiscite, which, whether one likes it or not, is bound to be disturbing to the stability of Kashmir State, and, by implication, of North India. It serves no purpose to argue as is argued in Pakistan that in some sense Indian policy has accentuated the gravity of the present situation. In this matter, as indeed in all major political and economic issues, bygones are forever bygones. One has to accept the fact that a fair plebiscite in Kashmir can hardly be staged with Sheikh Abdullah still in custody. Again, one must admit that with Sheikh Abdullah not in custody, the Government of Kashmir, however constituted, will not be able to maintain the essential requisites of law and order at a time of great political emotion.

It is believed that this dilemma was not discussed at the Delhi talks because this was diplomatically an internal matter. But if foreign observers consider that India can lightly make a choice in this matter in an election year which is the nearest period in which a plebiscite could possibly be held, they must be totally unaware of the elementary conditions in Kashmir. By the same token it might be argued a postponement of the plebiscite weakens the position of Pakistan. But in this case, since the responsibility for maintaining law and order in the valley does not belong to Pakistan, it cannot be claimed that the case is on all fours with that of India. It is obvious that as things stand at the present time only preliminary arrangements towards a plebiscite can be made. To adopt a helpful phrase, the position must remain fluid at least until after the elections.

Precisely because a plebiscite has these complications for India, one might have expected from Pakistan a more resilient approach on the present occasion. Reports from Karachi have consistently underlined the point that, after a long stay in the wilderness, bitter critics of India are beginning to give way and to recognize that the good of Pakistan no less than that of India requires some large accommodation on Kashmir. The present visit of the Pakistan Prime Minister was in part a reflection of the will to understanding of which the Governor-General, Mr. Ghulam Mohammed, is a powerful advocate. It is a pity that as things look, the approach was not substantially different from what it was a year or two ago.

To say that the time has not arrived yet for a settlement on these matters is not to despair of a settlement in time. The truth is that a slow, almost unmoving, current is in operation bringing to bear on both the Indian and Pakistan Governments some pressure to alter their original intractable stands. There has been much more appreciation of the Indian view in the last two years than there was in the previous five, and India's new role in international affairs has called for an attitude on Kashmir which cannot differ widely from the counsel we give to other nations. While there are numerous demands in India that Kashmir should be a closed chapter, and many members of Parliament are secretly of this mind, the Government of India is in fact under moral pressure constantly to negotiate and to keep every door for agreement open. There are hopeful signs which lead one to suppose that agreement which may be in some other form than the plebiscite is not as distant as consistent failure of conferences may lead one to believe.

In intangible ways, there has been considerable improvement in Indo-Pakistan relations since the conclusion of the United States-Pakistan Pact brought them to a nadir. It is possible that the Colombo and Bandung Conferences have shown us that Pakistan's diplomacy on these occasions cannot be dismissed as a pale reflection of American diplomacy. It is slowly being appreciated that the fact that Pakistan has recognised the People's Republic of China and has consistently opposed the inclusion of Formosa in the SEADO Treaty suggests that perhaps the simple reading of many Indian observers that Pakistan acts entirely according to American behests may be mistaken. With some larger appreciation of the difficulties which Pakistan faces, and the relatively skilful manner in which her foreign policy has been operated, one might perhaps be disposed to treat her representatives with some higher regard than public opinion in India at present tends to accord to them.

This is an appropriate occasion to recall wise words which India's Ambassador in the United States, Mr. G. L. Mehta, used when addressing the Chicago Council on Foreign Relations last month. Mr. Mehta said: "No one country possesses the key which would unlock the door of peace. There are no short-cuts to an international society. We are all searching for common ends in which peoples of different countries sometimes help one another, sometimes seem to get into one another's way and unwittingly hamper or impede one another. As Burke said 'We can never walk surely but by being sensible of our blindness.' So far as India and the United States are concerned, there is no ideological conflict between us nor any clash of interest. We are both democratic countries and neither of us desires to conquer other lands or build up empires. We pursue different paths, sometimes parallel, sometimes intersecting, sometimes even at different angles. But though our paths might differ, our goal is the same. It is a goal which man has yearned for and striven for since the beginning of civilised life—the goal of peace and harmony between peoples. And the struggle for peace has become in this nuclear age the struggle for human survival."

One can read Pakistan for the United States in this piece and find a base for accord and amity. It is for the statesmen of the two countries to say today whether they will choose this base to build upon or stand apart on the small and shrinking ground of their differences. History, at the present time, is an onlooker. The ball is with the players.

The Prospects of Disarmament

THE latest Soviet proposal on disarmament makes significant progress with or without the proposed meeting at the "summit". The progress is particularly significant in that it approves of several major points which have been advocated by the Western delegation in the disarmament sub-committee for several weeks. The U.S.A. has promised to give "responsible consideration" to the Soviet proposal and, if the Soviet proposal means what it says, it offers the strongest hope of an eventual agreement that has appeared since the East and the West began to discuss this complex issue some years ago. It is fair to say that this development represents a dividend for the Allied policy of careful and patient negotiations, but it is also a feather in Marshal Bulganin's cap. The diplomatic offensive is now with the U.S.S.R.

The Russian plan is complex and much scope is left for detailed bargaining, but it would be unfair to say that it does not contain all essential prerequisites of a scheme for an effective disarmament. The plan is divided in two phases, the first of which envisages a promise not to increase the existing level of armament including nuclear weapons, which will be followed in the second phase by prompt disclosures of the existing level of armament to an international commission. Subsequently, a cut will be enforced, but not on total armament as was proposed earlier. Instead, a cut will be imposed on the excesses above the agreed level of armament. Thus the Soviet declaration adopted the Anglo-French proposal for the prohibition and elimination of nuclear weapons at the 75 per cent stage of conventional reductions and meets the conditions about the levels of forces. With this proposal the Soviet Union has also abandoned its old unacceptable proposal for one-third cut in the armed forces of the Great Powers. This is an important advance towards the attitude which has long been urged by the Western Powers. It shows that the U.S.S.R., like China, can be sweetly reasonable—at times.

The recent Soviet declaration has not however made clear her position in regard to the system of international control and inspection. The sections of the Soviet proposal concerning international control and inspection still appear to fall short of the minimum safety requirements. It is still obscure if the control inspectors can go everywhere and see everything necessary to make sure that forbidden munitions are not being manufactured or that nuclear weapons are not being secreted. Some time will be required before the true Soviet position on the question of controls may be known, but the Soviet Union does not appear at first sight to have agreed to all the necessary conditions for effective international control. As an instance, it is not known whether the Soviet Union recognises that the body of international control should be placed in position in the States concerned before any of the disarmament measures which it is to supervise actually takes place. This will certainly be one of the subjects for the conference "at the summit" announced this week.

The reference made in the Soviet declaration to the peaceful uses of nuclear energy is not very different from the Four-Power Western proposal introduced by the United Kingdom which, when first introduced, was described by M. Malik as irrelevant. The relevant portion of the Soviet declaration which deals with the banning of tests of nuclear weapons has one important distinction with other proposals made on the subject. The new Soviet proposal favours the cessation of nuclear weapon tests as a part of a comprehensive disarmament treaty. Therefore, under the Soviet declaration tests of atomic weapons will not take effect until after the disarmament treaty had come into force and other measures of disarmament had been started. Moreover, the Russian proposal has been intermingled with a political settlement in Europe. The proposal should not be rejected because it appears to have been very skilfully formulated to meet the general desire of disarmament with the possible Soviet design to sabotage the Western rearmament programme. Now that Western defence has been consolidated, and the hydrogen bomb makes war a useless instrument of aggression, the position is different from what it was two years ago. The Western nations can take a risk. It is not military defeat they need to fear.

A number of proposals have been included in the Soviet declaration which do not come under the scope of the disarmament sub-committee and which would be better discussed in the Four-Power talks. The proposal for the immediate withdrawal of occupation forces from Germany is one such. At the present stage the proposal will, however, not be easily accepted as an item on the agenda of Four-Power talks at any level because they contain the Russian demands for dismantling foreign military bases in the territories of other countries. Rightly or wrongly, the immediate winding-up of all military bases would, it is believed in the Free World, leave the West defenceless and it is also likely to affect the NATO, while the East European defence organisation might, with bad faith, remain untouched. There may not be an insuperable objection to the withdrawal of Allied troops from West Germany. But the proposal for dismantling of military bases in other nations' territories would mean complete withdrawal of all American forces from Europe. This is different from the provision of the withdrawal of American ground troops from Germany. Since American air bases are not covered by the German withdrawal clause, they will be tackled by the Russian insistence that military bases on foreign soil would have to be liquidated. These proposals do not treat the U.S.S.R. and the United States equally so far as Europe is concerned. Russian troops can be in Europe in hours. American troops, even if flown in, will take days.

The Russians are not wholly unreasonable in linking disarmament to a political settlement. Disarmament cannot be accepted before mutual fears have been eliminated and so disarmament should not precede but follow a political settlement. The world, which is free from fear, does not have any need of military precautions, but fear cannot be eliminated by a sudden and abrupt disarmament.

The present proposal, no doubt, gives new lease of life to the United Nations sub-committee on disarmament and the disarmament sub-committee in London will be able to get to work on the details of the Soviet plan and it should be made clear that it is primarily meant for discussions in disarmament sub-committee which is responsible to the General Assembly of the United Nations. Even now the proposal should not be considered as a formal answer to the invitations for a conference by the British, French and American Governments. The Soviet proposal may, however, be regarded as an indication of Russian thoughts and goals on a number of subjects.

For the first time, Russian and Western views have come within a reasonable distance in regard to disarmament which has at least provided a basis for discussions. It can be hoped that further progress would be made in narrowing other points of difference. The age of miracles, it seems, is not yet past.

A National Museum

SOME time ago, when the Prime Minister said that New Delhi had no "soul", he meant that the Capital of India was too official-ridden and that it could hardly boast of any institution that reflected India's cultural heritage and artistic wealth. More recently, a foreign visitor was even more outspoken in his comment that New Delhi, without a national theatre, a national library or a national museum, is at best only a fine village. This view is presumably shared by most of the tourists who visit the capital city. Of late, there has no doubt been an expansion of cultural activities but even these have so far remained ephemeral and will require more sustained patronage before they could take root in the life of the capital. It is a disgrace that, even after seven years of freedom, there is still no national theatre or cultural forum as a permanent institution, while the practical utility of the new-born organisations such as the Sangeet Natak Akademy and Lalit Kala Akademy is yet to be proved. Equally deplorable is the absence of a popular, centrally situated library or reading room which even much smaller towns in the country at large possess.

The authorities have been none-too-early in taking preliminary steps for the organisation of a full-fleged National Museum, the foundation stone of which was laid in New Delhi last week by the Prime Minister. It was heartening to hear from the Prime Minister and the Union Education Minister that the proposed museum would represent every aspect of Indian history and culture and become truly national in the fullest sense of the term. A national museum, as Maulana Azad rightly said, should not be a mere curio house or a place of amusement but a centre of visual education, reflecting the cultural heritage of the nation, and simultaneously evoking in the people an interest in all matters of the spirit. The existing museums in the country are literally "lifeless" and they tend to satisfy only the dictionary meaning of the word—a building used for storing and exhibition of objects illustrating antiquities, natural history and art. The collection of objects which is to form the nucleus for the National Museum includes more of antiquities unearthed from Harappa, Mohenjadaro and Hastinapur, than objects of historical, artistic, cultural and educational value. It is a common sight to find visitors to our present-day museums blankly gaping at the stones, sands and other exhibits without understanding the significance of what they are looking at. Only archaeologists and petrologists find anything interesting and instructive. Surely, by no stretch of imagination could these so-called museums—such, for the instance, as the museums at Madras and Calcutta—be considered as centres of mass education.

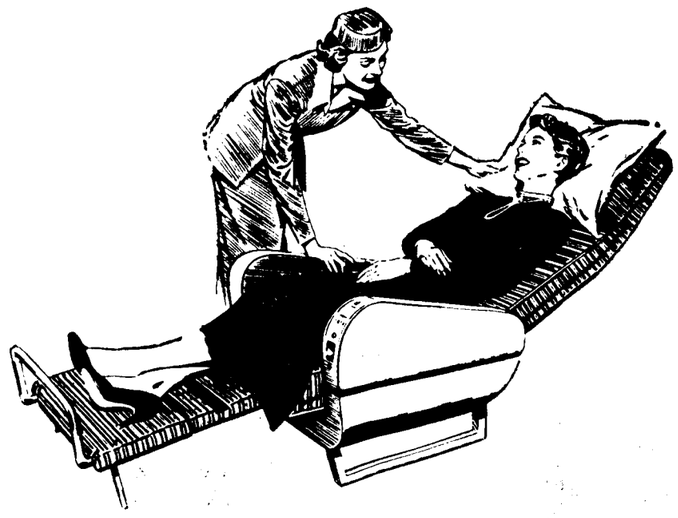
It is obvious that if the modern conception of a national museum—an instrument for the dissemination of knowledge and the refinement of the taste and culture of the people; an institution which will draw lakhs of enthusiastic people, and a "faithful guardian of our past and guarantor of our future"—were to take concrete shape, a multi-pronged drive must immediately be launched to collect as many objects of art, science and general education as possible, such as paintings, sculptures, valuable manuscripts, miniatures and the like. Also, no effort should be spared to get back many of India's treasures which have been carried away to foreign countries during the ages past.

Objects which have played and which are bound to play an important part in the evolution of human civilization should also be accorded a pride of place in the museum which should have a special section devoted entirely to the growth of man through the ages. In this connection the Prime Minister recalled how deeply he was impressed by a visit to the Museum of Natural History in London, and the well-known museum in Munich which provide a graphic, visual exposition of the progress of man over the ages past. Such museums assume international significance, for, they directly bring home, in concrete form, the culture and civilisation of other peoples that they have imbibed and also the thoughts and culture that they have imparted to other peoples and contributed to the development of other nations.

The importance of organizing industrial museums in our country will be recognised by the deep impression which was created in the mind of Mr. Nehru by the Munich exhibits which, among other things, demonstrate the development of transport from the evolution of the wheel to the making of a modern aircraft. Whenever we talk of education, we normally think of lectures or books. But neither books nor lectures can bring so vividly before the masses the progress achieved by a nation in the industrial sphere as a museum. India has now launched an industrial revolution and many of the projects in the farflung areas of the country are beyond the reach of most people. To impart to the people a proper idea of these nation-building activities and of the technological progress achieved, an industrial museum will be an invaluable medium. Such museums should create an indelible impression in the dullest minds—deeper than our documentary films.

The hope has been expressed that the National Museum in New Delhi would be the first in a chain of important national educational centres. It is necessary that the existing museums in other parts of the country should be adequately improved so that they portray the richness and variety of the regional cultures. At the same time, it should be borne in mind that, in keeping with its status as the capital city of India, New Delhi's National Museum should be enriched with a comprehensive collection of all the multitude of things that go to create a full-fledged museum, so that it focusses public attention on India's essential unity in diversity of which we are so proud. It is also important that the few smaller museums which exist separately in certain parts of Delhi are removed from their present sites and merged with the National Museum to serve as useful adjuncts. There are, for instance, the Indian War Memorial Museum now located at Red Fort, the Central Asian Antiquities Museum at Queensway, and the National Gallery of Modern Art at Jaipur House. While preserving their individuality, they should, at the same time, be made to enrich the sections devoted to history and the fine arts.

An ambitious edifice of the kind contemplated to house the National Museum cannot be created in a short time. The building, estimated to cost a little over Rs. 77 lakhs, is proposed to be constructed in eight stages, of which only four would be taken in hand at present. Even the first stage is expected to take at least two years. It is, first of all, not understood on what basis the cost has been assessed for a building the completion of which will take several years. Secondly, the period of eight years for construction of the first four stages seems to be too long. Cannot adequate steps be taken to expedite the completion of the first four phases, so that the capital's denizens may start taking pride in having a museum worth the name in, say, a couple of years' time?



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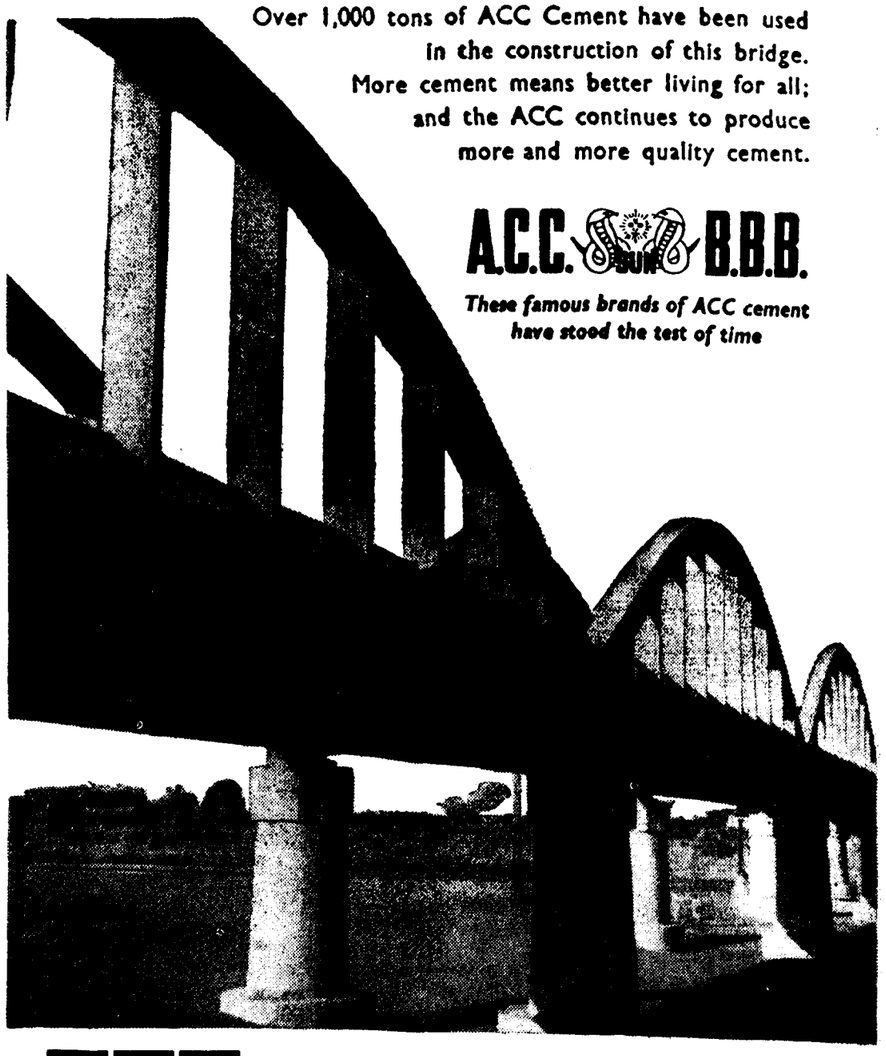
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THE WEEK'S NOTES

THE SIMLA CONFERENCE

EXPECTATIONS THAT something dramatic would come out of the Simla Conference have been rapidly dispelled. In so far as the conference had any value at all, it lay entirely in a collective vote for the status quo. It is difficult to conceive how different expectations could have been entertained. Seeing the obstinacy with which most countries stood on bilateral arrangements and the lack of enthusiasm for any regional proposals, it might be said that the holding of the conference was merely a means of impressing upon India the necessity of dealing gently with her neighbours in South-East Asia on economic affairs. We tend to assume an element of progressive thinking amongst our neighbours which just does not exist. Since this discovery has taken place in the economic field, while that in politics took place at Bandung, one may perhaps say that Simla and Bandung were complementary in the particular area of producing more knowledge in India of attitudes of other South-East Asian countries. Is knowledge of this kind its own reward?

COUNTER-MOVE AT WARSAW

THE WARSAW conference of the Communist States of Europe met under the chairmanship of Marshal Bulganin, and signed a treaty of friendship, co-operation and mutual assistance on May 14. They also established a unified command of their armed forces under Marshal Koniev of Russia, till recently Defence Minister of Poland. This is obviously in answer to the signing of the Paris agreements by the Western European Powers admitting West Germany as a full and sovereign member of NATO with the right to rearm under agreed conditions. Russians have a wholesome respect for the military might of the Germans and they have lost no time in making what appear to be far-reaching changes in policy to meet the challenge of the revival of German militarism. But the announcement of the unified command is not much of a change since it is well known that these East European States in the Russian orbit have had little choice in the matter, being already under the control of Russia.

What is of more importance is the inkling it affords to a radical change in Russian policy or tactics. This is afforded in a remarkable speech at the conference by Marshal Bulganin on the need for peaceful co-existence, permanent peace, cessation of the cold war, and so on. At any rate, it indicates that Russians will make a resolute endeavour to try the conference method again and go slow on the cold war. It is not surprising that M. Molotov should have agreed to a Four-Power meeting at the summit. Another remarkable feature of the Warsaw conference was the speech of the Chinese observer, General Peng Teh Huai. He declared that the interests of China were indivisible from the peace and security of the Communist States who signed their treaty of alliance at Warsaw under the lead of Russia and that China would support by all means at its disposal the implementation of the decisions taken at the conference. More remarkable still was the utterance that all these Communist States in Europe and Asia constituted a single political entity and that the rise of the Chinese Communist power tilted the balance in the world in favour of the Communist bloc.

These sentiments hardly square with the Asianism expressed so charmingly in Bandung by Chou En-lai. While Chou En-lai warded off questions on East European States at Bandung as beyond the purview of the Asian conference, his colleague at Warsaw, General Peng Teh Huai, declared the complete solidarity of Communism as a world phenomenon transcending the limitations of nationality and geography. There is no doubt that General Peng is here closer to the doctrine on which Communist Russia and Communist China have built their States, the doctrine of class war and world revolution which makes nonsense of co-existence.

AGITATION IN PUNJAB

THE AKALI agitation in Punjab is serving no other purpose than to add to the internal strains and stresses of this border State by fomenting communal trouble. Its claim to vindicate a fundamental right to carry on peaceful agitation for a Punjabi Suba cannot hold water. Its genuine nature should be clear from the developments culminating in the organized defiance of the ban on shouting of linguistic slogans imposed in Amritsar district. The plan of the ultimatum to the State Government to withdraw the ban, appointment of a "morcha" committee and nomination of Master Tara Singh as its dictator were all the doings of the Akali Dal. Any pretence that the campaign was launched for compelling attention to a demand for a linguistic State and for no other motive is disproved by shouting of slogans in religious processions and the refusal of any other groups outside the Akali Dal to associate themselves with it. It is significant that advocates of a Maha Punjab State have studiously kept aloof from this movement. The demand for Maha Punjab cannot be condemned as a counter-blast to the demand for a Punjabi Suba. This attitude only betrays the communal character of the latter. The most convincing proof of its non-communal complexion would be the sanction of the two major communities in the State behind it. This sanction is patently lacking.

In a State where communal passions are easily inflamed in the present situation, it was obviously the primary duty of the Government to take preventive action against any forces that were culculated to provoke them and to cause a breach of the peace. The plea of invasion of constitutional rights cannot be sustained in this set of circumstances. Constitutional propriety, on the other hand, required that when the States Reorganization Commission was investigating the question of re-defining States and their boundaries, that forum should be availed of for a peaceful representation of the demand for a Punjabi-speaking State. The demand will be decided either way by the Commission on the basis of intrinsic evidence and no organised demonstration or defiance of law can influence the Commission in any manner. The agitation is obviously misconceived and it serves no constitutional purpose. It is an ugly choice for the State Government to enforce arrests for defiance of the ban. But it would show no hesitation in putting an end to this regrettable chapter, if the sponsors of the agitation demonstrate real desire to come to an understanding. Moderate elements among Akalis as also all sections in the State who can pull their weight in this behalf should now step forward to bring about a settlement of this issue.

RATIONALISATION AND THE KANPUR STRIKES

THE STRIKES in Kanpur textile mills continue unabated. The leading political parties in the opposi-

tion, namely the P.S.P. and the Communist Party, are rivalling each other for the suffrage of labour. Apart from the immediate claims of labour, the strikes raise far-reaching issues of political and economic policy on which clear and statesmanlike decisions are needed. At the present moment the grievance is rationalisation itself, in spite of the fact that both Government and industry were and are quite willing to safeguard the interests of labour. Employers had undertaken not to lay off workers and there was a committee of seven with three representatives of employers and three of workers presided over by the U.P. State Labour Commissioner to go into the question. But the principle of rationalisation itself was questioned and the committee dispersed without coming to any conclusion.

The prospect of arriving at a rational resolution of the deadlock is rendered bleak by the acceptance of the "socialistic pattern of society" by the Government. For the essence of socialism is Statism in economy or State capitalism. The State becomes identified with one class, namely the working class in this case. Accepting this position by way of social faith and practical policy, it becomes difficult for the representatives of the State to implement any policy from a long-term point of view that may go against the immediate interests of labour in the short period. The very rationale of rationalisation is increased productivity. This is the only line of economic progress, whether the employer is a private citizen or the State itself. Temporary unemployment of a few from the rationalised industry is inevitable. Increased production will stimulate further production absorbing the unemployed in new plants. This is not a text-book recipe but commonsense for unless production increases through increased efficiency of labour, machinery and organisation, there is only increased poverty for distribution.

But when the representatives of the State say, as Mr. Khandubhai Desai, the Central Minister for Labour is reported to have said at the Indian Labour Conference on May 14 held at Bombay that "rationalisation may be excellent in itself but even as rich food will be poison to one suffering from starvation, rationalisation which increases unemployment might be a dangerous remedy to put industry on its feet. In particular, we should be most cautious about labour-saving machinery which sacrifices men at the altar of machines", it is time to point out that the road to economic progress is being closed by such an attitude. The same position is being taken by the leaders of the Kanpur textile workers who are opposing rationalisation on principle. The situation may well occur in Government industries. Will Government evolve a scheme of compulsorily transferring labour from a rationalised industry to another and guarantee employment for it?

NEUTRALISATION IN EUROPE

THE RUSSIAN offer to withdraw from Austria on condition of her remaining neutral in the conflict of the blocs, subject to certain economic clauses regarding ex-German capital and oil from Austrian wells, came as a surprise to the Western world. For Russia had refused to make these concessions for seven years now. But this offer is part of a new shift in Russian foreign policy consequent on the signing of the Paris agreements admitting West Germany as a full and sovereign member of NATO with the right to rearm under certain conditions. Russia has answered by tightening her hold on the East European States within her orbit.

The second step of the Russian counter-move commences with the neutralisation of Austria. The full plan seems to be to form a 'cordon sanitaire' between Communist and free Europe consisting of Sweden, Germany, Austria and Yugoslavia.

The highest dignitaries of the Kremlin have announced that they would visit Yugoslavia and confer with Marshal Tito, renegade of the Communist faith. Never had the Kremlin been so condescending to a one-time satellite and now recalcitrant deviationist. This projected visit is the second step of the new Kremlin diplomacy. It is intended to win Tito for neutrality, if not for reunion with the Soviet fatherland.

Next on the agenda will be the neutralisation of the two halves of Germany under the bait of peace and disarmament. A large body of German opinion, it would seem, welcomes the idea. They put the restoration of German unity and solidarity higher than military revival. But such an eventuality would undo the work of NATO's inclusion of West Germany within its system of unified command. But Russia wishes to preserve her vast war gains. She wants peace on the basis of the present vast superiority in military might she enjoys in Europe. This is the foundation of Western insecurity.

In the forthcoming conference of the Big Four "at the summit", there will be hard bargaining. One need not be surprised if the Western Heads of States suggest that Russia should extend her neutral area to East European and Baltic States as well. They might also suggest the rolling up of the Iron Curtain and the shutting down of the Cominform. These measures will, if carried out, lead to a reduction in the tension of the world crisis. There does not seem to be much hope of such a happy termination to the present moves and counter-moves on the international chess-board.

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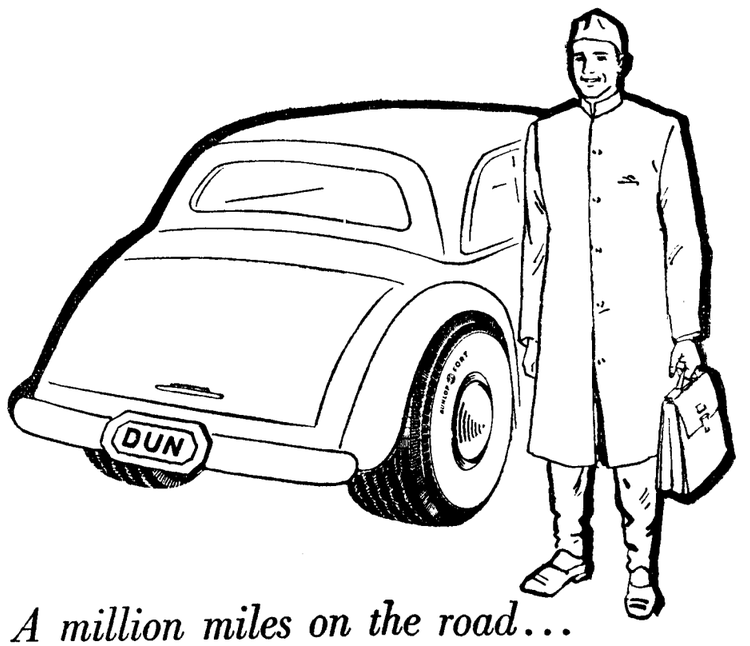
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WORLDGRAM

AGRICULTURE

Production of Virginia Tobacco in South India: The Government of India have decided to organise a two years tobacco Extension Service at a cost of nearly Rs. 1,50,000 in the Guntur District, Andhra, which is the largest centre for the production of Virginia cigarette tobacco in India. The Extension Service through its trained personnel—field assistants and Kamdars—will carry the results of scientific research, now carried out at the various stations of the Indian Central Tobacco Committee, to the door of the cultivators and persuade them to grow the types of tobacco which are in demand in India and abroad. In 1953-54, about 3,90,000 acres of land were under tobacco cultivation in India. The total production was 571 million pounds; the Virginia variety accounting for 87.36 million pounds. This agricultural commodity earned Rs. 12 crores worth of foreign exchange and contributed another Rs. 32 crores to the public exchequer by way of excise revenue during that period.

*

Agricultural Production in Israel in 1948-55: Since 1948-49, the physical volume of agricultural production has increased by almost 125 per cent. In 1953-54 alone, the physical volume as well as the added value of agricultural production increased by 22-24 per cent. The cultivated area increased from 412,500 acres in 1948-49 to 925,000 acres in 1954-55. During the same period the irrigated area almost trebled from 72,500 to 200,000 acres. During the seven years over 400 new settlements were established, as compared with 277 settlements in the course of the previous years.

*

Agricultural Training: A new organisation under the Union Ministry of Food and Agriculture, named as Directorate of Extension and Training, has been created with the Agricultural Extension Commissioner, Mr. S. S. Roy, as its administrative head. The work which was hitherto being done in the Extension Wing of the Indian Council of Agricultural Research has been taken over by the new Directorate, along with the officers and staff engaged therein. The formation of this Directorate has been necessitated by considerable expansion in the work of extension crop competitions and paddy and other crop campaigns. Twelve thousand village level workers were required to be trained for the first Five-Year Plan period. For this, 45 Extension Training Centres, together with 56 Basic Agricultural Schools for pre-extension training, have been sanctioned and allotted to the different States. So far, 6,940 village workers have been trained and 1,945 are under training. For the second Five-Year Plan, 38,000 village-level workers will be required.

INDUSTRY

Britain's Motor Industry: Britain's rapidly expanding motor industry has set another all-time production record. With the rate of manufacture steadily rising each month, over 300,000 cars and commercial vehicles left British factories in early 1955. Cars produced in the first quarter of 1955 totalled 234,000, an increase of 50,000 over the figure for the same period of 1954. Commercial vehicles output increased by 19,000 to 84,000. Towards the end of 1954, a year when the record number of over a million motor vehicles were made in Britain, cars were coming off the production lines at the rate of one every 10 seconds. Over the first quarter of 1955 that rate has been stepped up to one every nine seconds. The number of cars actually consigned to world markets up to the end of March 1955 totalled over 100,000 i.e. 20,000 more than in the same period of 1954. Commercial vehicles shipments totalled 41,000, an increase of 8,500.

*

The American Burlap and Paper Industry: The American bag company have combined burlap and paper to make an ideal waterproof rug cover. The new construction, consisting of a layer of burlap and paper laminated together with asphalt, is available in either pre-cut sheets or large wide-width rolls. The paper-lined rug cover is more flexible and lighter in weight as compared to carton. It is claimed that closure of the cover takes one-tenth the time that a carton demands. One million yards of goods can be stored in the space that would hold only 3,000,000 yards when the rolls are packed in corrugated containers. Along with paper lined rug cover another new "non-woven" ball covering made partly of cotton has also entered the packaging field.

*

Investment in Pakistan Industries: During the period July to December, 1954, a sum of Rs. 109.6 million was invested in new industrial and commercial undertakings in Pakistan. The amount was spread over 30 companies. The range of activity for the new companies was fairly wide, and covered biri manufacture to power development. The biggest single amount for share capital was claimed by the Sui Gas Transmission Company with a sanctioned capital of Rs. 46.2 million.

*

Development of Small Scale Industries: Schemes for the development of small scale industries, in 1955-56 costing Rs. 5 crores have been framed by the State Governments. The schemes include model units for carpentry, blacksmithy, leather tanning and leather footwear. Under the training programme 200 engineering graduates would be trained in small industries, who will later on work in community project blocks. The existing pattern of central aid, under which the Centre bears 50 per cent of the recurring expenditure and 75 per cent of the non-recurring expenditure will continue for the schemes.

*

Italy's Industrial Production in 1954: The general index of industrial production (1938=100) was 175 in November 1954, showing a decline of 4.9 per cent compared with the previous month. This was, however, an increase of 4.2 per cent, compared with November 1953. In the period January-November the average index of industrial production was 170, marking an increase of 9.7 per cent over the corresponding period of 1953. The average indices for the first eleven months of 1954 when compared with the corresponding period of 1953 depict the following increases:

Index of Industrial Production—Percentage Increase
(January-November 1954)

Industry	Percentage increase (compared to January-November 1953)
Metallic Minerals	11.7
Non-metallic Minerals	11.7
Textile Industries	3.4
Paper Industry	3.1
Iron and Steel Industry	14.3
Engineering Industries	4.5

TRADE

Increase in Pakistan's Exports in 1955: Pakistan's exports exceeded imports on private accounts by 59.7

million in February 1955. Private account exports were valued at Rs. 137.8 million and private account imports at Rs. 78.1 million. Principal exports during February, 1955, were jute, wool, cotton, fish, jute manufactures and skins. In February, 1955 exports of jute were highest since March 1952 and of cotton since April, 1954. Principal imports during February 1955, were machinery, metals and ores, mineral oils, vehicles, chemicals, drugs and medicines and cotton piecegoods.

*

Trade Between India and China in 1954: During 1954, India, exports to China were valued at Rs. 1,77,12,000 while imports from China were of the order of Rs. 99,41,000. The commodities exported included jute manufactures, tobacco, spices, mica, lac, oils (other than linseed drugs and medicines and machinery.) Indian imports during the period included raw silk, raw hides, spices, drugs and medicines, oils, chemicals instruments and appliances.

*

Trade Agreement Between China and Germany in 1955: A trade and payment agreement for 1955 has been signed between the Governments of the People Republic of China and the German Democratic Republic. Under the agreement China will supply Germany with minerals and ores, animal products, foodstuffs, silk and other products. Germany will provide China with power generating equipment, metal rolling equipment, vehicles of various kinds, machinery, precision optical instruments, chemicals and other products.

FINANCE

Loans to Displaced Persons in 1954-55: Loans for starting business, trade, industry and profession have been given to displaced persons from West Pakistan up to a maximum of Rs. 5,000 in each case, since December 1947. During the year 1954-55 the scheme for these loans was modified for the benefit of displaced persons possessing verified claims of property, left behind in West Pakistan and a major portion of the funds for the grant of small urban loans was reserved in 1954-55 for the grant of these loans to the claimants under certain conditions. These loans were given to the extent of net interim compensation, payable to a displaced person in respect of his claim, and since they were in the nature of advance payments of claims no interest is chargeable on them. The total amount of loans to claimants so far reported to have been given in 1954-55 amounts to about Rs. 50.6 lakhs.

*

Earnings of Pan American World Airways in 1953-54: Gross revenues of Pan American World Airways reached $219 million in 1954. Passenger earnings were 10 per cent up and cargo revenues 14 per cent ahead, as compared to 1953. These figures excluded the operations of Pan American-Grace Airways and affiliated carriers. Net income in 1954 amounted to $10.4 million, or $1.69 a share, as compared with $10.8 million, or $1.76 a share, in 1953; whereas gross revenues in 1953 totalled $218 million.

*

Increase in Income of International Bank for Reconstruction and Development: The International Bank for Reconstruction and Development showed a net income of $18.6 million for the nine-month period ended March 31, 1955, as compared with $15 million for the corresponding period ending March 31, 1954. This income was placed in the Supplemental Reserve against Losses on Loans and Guarantees, raising thereby the Reserve to $115.4 million. Loan commissions amounted $9.9 million and were credited to the Bank's Special Reserve, raising that Reserve to $58.9 million. Total reserves on March 31, 1955 were $174.3 million. Gross income, exclusive of loan commissions, was $174.3 million, as compared with $37 million for the corresponding period in 1954. Expenses, including interest on bonds and expenses of bond issuance, were $25.2 million.

*

New Investment in Canada in 1955: During 1955, investment in Canada is estimated at (Can) $5.8 billion, i.e. 6 per cent more as compared with 1954. Expenditures for new construction are expected to rise by 10 per cent, to $4,064 million, while purchases of machinery and equipment are likely to fall by 3 per cent, to $1,744 million. Housing outlays are estimated at $1,283 million, or 10 per cent above the record level of 1954. In the industrial field, the extractive group (especially oil) is expected to show the largest increase, with outlays 24 per cent higher than in 1954. Spending by the trade, finance and commercial service group, and by Government departments is expected to be moderately higher than in 1954, while outlays by utilities and agriculture will be approximately the same.

MISCELLANEOUS

U.S. Aid for Nepal: Heavy machinery is being made available for a flood relief programme in the Nepal Terrai under the U.S.-Napalese Co-operative Relief Agreement. The United States will contribute $2 million, and Nepal Government Rs. 2 million. Heavy chains for tree falling, heavy duty plows, water canteens, welding goggles, full oil stores, work-shop equipment, hand tools, and anti-malaria medication are among the many other things being sent for executing the programme. The machinery will be used to reclaim land for the resettlement of displaced people whose lands and homes were ruined by flood waters, and to reconstruct and repair roads damaged by floods.

*

Employment Exchanges and Training Schemes: The Employment Exchanges placed 13,763 persons in employment during March, 1955, against 12,293 in February 1955. The number of vacancies notified to the Exchanges in March was 22,706 as compared with 20,094 in February, showing an improvement in both private and public sectors. The number of fresh registrations of unemployed persons in March 1955 was 1,19,875 as against 1,09,464 in February. The number of unemployed on register during March, 1955 was 5,95,828 whereas in February it was 6,05,933. For the first time since the end of November 1954, the number of registered unemployed was less than 6 lakhs. Under the training scheme of the Ministry of Labour, 7,766 persons, including 565 women and 2,171 displaced persons were receiving training at different training centres at the end of March, 1955. The number of instructor-trainees at the Central Training Institute, Koni-Bilaspur was 97. Under the Apprenticeship Training Scheme for displaced persons, 590 appresentice-trainees were undergoing practical training in production work in U.P. and West Bengal at the end of March, 1955.

*

Welfare Extension Projects: A three-fold increase of the welfare extension projects sponsored by the Central Social Welfare Board is contemplated during the second Five-Year Plan. All these projects will be located in the National Extension Service areas so that the developments contemplated under that service, with its bias for economic development, are supplemented by social welfare activities emphasised by the welfare extension projects. Since the welfare extension projects were started on August 15 last year, 200 such projects covering nearly 4 million people are in operation. Another 152 projects are to be launched during the current financial year. During the second Five-Year Plan the C.S.W. Board has decided that the number of such projects should be 1,320 or four times the existing number. The total expenditure visualised for this expanded programme will be Rs. 15 crores.

NEWS IN BRIEF

INDIAN

Export of wheat products, such as atta, maida, sooji and rawa obtained from indigenous wheat has been permitted by the Government of India.

*

The Government of India has decided to allow free licensing of copper utensils and copper artware to all permissible destinations, other than the Portuguese possessions in India.

*

The Government of India has stopped the sale of imported wheat in Calcutta and Bombay with effect from 2nd May, 1955.

*

It is reported that India is not likely to become self-sufficient in arecanut before 1966-67, the end of the third Five-Year Plan.

*

The coke oven plant at Sindri, which started operation on September 1, 1954, has reached the production target of 600 tons per day, making Sindri self-sufficient in regard to its coke requirements.

*

It is reported 6,500 villages in India will receive electric supply by the end of the first Five-Year Plan.

*

The Indo-Yugoslav cultural society has been formed in Delhi to foster cultural relations and promote goodwill between the two countries.

*

The Licensing Committee of the Government of India granted a licence to a private concern to start and run a ferro-manganese factory in Andhra State.

*

India has agreed to supply to Pakistan immediately 28 broad-guage railway passenger coaches and underframes with wheels for another 22 coaches. The supply will be made on a "no profit" basis.

*

A new process for the manufacture of libricating oils for watches and instruments has been worked out at the Technical Development Laboratories, Kanpur.

*

A programme of development in the agricultural sector costing Rs. 650 crores has been prepared by the Union Ministry of Food and Agriculture for inclusion in the second Five-Year Plan.

*

More than 300 tube-wells have so far been drilled in Etah, Farrukhabad, Kanpur, Agra, and Mainpuri districts of U.P. since October, 1953, under a scheme jointly operated by the U.S. Technical Co-operation Mission and the Government of India.

*

The Government of India have made a budget provision of Rs. 8 crores to be given as loan to the Governments of Madhya Bharat and Rajasthan in 1955 for the execution of the Chambal project.

*

The second Five-Year Programme for the development of forests in India envisages an expenditure of Rs. 17 crores.

*

The estimated total output of the iron ore mines in India increased to 3,76,000 tons in March, 1955, from 3,69,915 tons in February, 1955.

FOREIGN

A British radio firm is working on a telephone system which it is hoped will enable the Duke of Edinburgh to contact Buckingham Palace when he is motoring in any part of the United Kingdom.

*

It is reported that a new liquid propelled motor-de Havilland Spectre has been designed for use in rarefied atmosphere beyond the scope of the conventional air-breathing engines.

*

The Foreign Affairs Commission of the Supreme Soviet of the U.S.S.R. has approved the proposal to annul the Franco-Soviet treaty of 1944.

*

The Kenya Federation of Trade Unions proposes to ask I.L.O. to investigate complaints about forced labour and imprisonment without trial in Kenya.

*

Hungary has signed an agreement to buy 50,000 tons of Egyptian cotton valued at £(E) 850,000. This agreement follows those made with the Soviet Union and Rumania.

*

France proposes to subsidise exports to French Union territory, for the first time, in an attempt to recapture its dwindling markets for textiles in Indo-China.

*

Australia's production of crude steel during 1954 amounted to 1.65 million tons, as compared with 1.28 million tons in 1953, a rise of about 29 per cent.

*

China, which had to import most of its requirements of paper until a few years ago, has started exporting newsprint to Viet-Nam, India and other countries.

*

The Brazilian Government proposes to continue its policy of supporting cruzeiro coffee prices in the 1955-56 crop year.

*

It is reported, work on the Pakistan Industrial Development Corporation Project for building a shipyard at Khulna has started. The shipyard will cost Rs. 80 lakhs to complete.

*

It is reported that though basic development in Colombo Plan countries has been too slow, there was substantial improvement in 1953-54 in field production. Development expenditure throughout the region increased by 27 per cent and is expected to increase by 31 per cent in 1955.

*

Under the sponsorship of the International Farm Youth Exchange Programme, thirty-five young farmers from India, Nepal and Burma are attending orientation classes in American customs, farming and 4-H Club activities.

*

More than 31,300,000 children and mothers are expected to benefit in 1955 from the disease control and nutrition programmes aided by the UNICEF compared with 28,300,000 who benefited in 1954.

*

Twenty-four Pan American Airways experts will train flight technicians, ground crew and office staff of the Pakistan International Airlines Corporation under the Foreign Operations Administration aid programme for Pakistan.



A Window on the World

THE CONSERVATIVE PARTY AND INDIA

By

ODYSSEUS

THE FIRST THING that I naturally did on acquiring a copy of the Conservative party's "Campaign Guide", published for the benefit of all Conservative party workers in the British General Election, was to look up "India" in the index. Sure enough there was an entry: "India—Socialist record..595." From page 595, I reproduce the following:

"Under Mr. Attlee's government, the British Empire in India ceased to exist and the historic British connexion, which had given India nearly a century of peace and progress after centuries of turmoil and had acted as a stabilising influence on Asian politics, was ended. The grant of independence under the Act of 1947 was effected by splitting India into two separate countries...Mr. Attlee's decision totally to withdraw the British from India precipitated the worst outbreak of communal bitterness in the history of that troubled country.. after the shield of impartial rule had been removed".

Any who read this column regularly are aware of my conviction that friendship and co-operation between India, Britain, and the Commonwealth, are of fundamental importance to the survival of all three. They are aware that I lose no opportunity of trying to promote Indo-British understanding. They may, therefore, at first glance, be all the more surprised and shocked that I should give publicity to this extract which should find a prominent place in any anthology of Truths Suppressed and Falsehoods Suggested. But it is precisely in the interests of Indo-British co-operation that it is important (a) to explain to British readers of goodwill why this paragraph must arouse indignation *in India*, and (b) to offer Indian readers reasons for believing that the sentiments expressed are representative neither of Conservative leadership, nor of the party as a whole, still less of the overwhelming majority of the British electorate, and must be credited to that minority of zealots who become professional party workers and who are to be found, more royalist than the Queen, in all political parties in all countries.

*British readers should realise that to every fellow-*Indian member of the Commonwealth, this paragraph can only mean that had the Conservatives been in office in 1947, the independence pledged by Mr. Winston Churchill's government on March 30, 1942, ("Immediately on the cessation of hostilities, steps shall be taken to set up in India...an elected body charged with the task of framing a new constitution for India"...and "will not impose any restriction on the power of the Indian Union to decide its future relationship with the other members of the British Commonwealth") would have been obstructed or delayed, and direct British rule prolonged in contradiction to Mr. Churchill's own pledge.

To refer to a century of peace and progress after centuries of turmoil begs innumerable questions, not only in Indian eyes but in those of innumerable British authorities who have studied and published their views on Indo-British history. Throughout the centuries, the Indian continent may or may not have been less, but there is no evidence to suggest that it was more, ravaged by war than Europe. The "Campaign Guide's" reference uselessly revives controversies that are dead and one had thought buried: it is a setback to Britain's friends in India, and offers Communists just the sort of ammunition which *they have been lacking since* August 15, 1947.

HISTORICAL BOLONEY

To imply that the British Socialists are particularly to be held responsible for the partition of India is historical boloney. The causes of the partition are a matter of dispute (and to stir up the old bitterness after eight years of independence is a gratuitous exhibition of irresponsible partisanship), but whatever view you take of those causes, whether you see partition as the result of years of British "*divide and rule*", or whether you allege age-old differences between Hindu and Muslim, both parties to the dispute agree that these causes existed long before 1947 and that the Socialist government could hardly have created them in the eighteen months between the formation of their government in 1945 and the announcement of a time-limit for British rule in February, 1947. Moreover, in the past, Socialist governments had only been in office in Britain for a brief year in 1923-24 and a couple of years in 1929-31, whereas non-Socialist governments had been responsible for India for more decades than it is necessary to bother to calculate.

These facts suggest that no Briton who believes that partition arose from Hindu-Muslim differences can blame Mr. Attlee for the final split, and that no Indian who believes it arose from British policy is likely to blame Mr. Attlee for that policy. If the Conservatives wish to blame Mr. Attlee for the blood that was, alas, shed between March and October, 1947, nobody who either lived through those tragic months, or who has studied the history of the half century that preceded them, would agree that their cause was the simple signature of one Act of Parliament in London under Socialist auspices in 1947, or that any one man, Indian or British, can be held responsible for them.

The author of this paragraph in the Conservative "Campaign Guide" has done his country, no less than his party, a grievous disservice by forcing the non-partisan student of affairs to look up the British parliamentary debates of 1947. These now decently forgotten speeches shed a poor light on the judgment, foresight, tact, and elementary good manners of most of the Conservative leaders, headed by Mr. Churchill who is on record with the remark: "In handing over the Government of India to these so-called political classes, we are handing over to men of straw, of whom, in a few years, no trace will remain."

If statesmen of the calibre and vision of Mr. Churchill and of the stature and magnanimity of Nehru can agree to forget such political squibs of the past and to co-operate in warm friendship for the peace and prosperity of their two countries, an anonymous party pamphleteer should not be allowed to embarrass Indo-British relations by burrowing in the political garbage heap.

HALIFAX AND LINLITHGOW TALK SENSE

Fortunately the Conservative record in 1947 was redeemed by a number of distinguished exceptions who

supported Mr. Attlee's decision to grant immediate independence. Significantly, these were all Conservatives with first-hand experience of India; they included Sir Walter Smiles (a member of the Assam Legislative Council from 1922 to 1930), Sir Stanley Reed, of the "Times of India", Lord Halifax, and, not least, Lord Linlithgow whose true-blue Toryism both as sometime Chairman of the Conservative party and as Viceroy, cannot be called in question. For the Socialists, Sir Stafford Cripps pointed out in the Commons on March 5, 1947, that the British faced the alternatives:

(1) To strengthen British control over India by reinforcing the civil services and British troops, which would involve a decision to remain in India for another fifteen or twenty years, since it would have been impossible to re-organise the services with efficiency or stability for any less period, or

(2) To set a time limit to the maintenance of British responsibilities.

There was nothing new in Sir Stafford's argument; he was only re-stating what the two Conservative ex-Viceroys, Halifax and Linlithgow, had already stressed in the House of Lords. Halifax had pointed out that to decide to remain in India would be contrary to all proclaimed British policy and that to reverse that policy and remain in India in the face of Indian hostility was impracticable. Sir Stafford Cripps was only paraphrasing Halifax when he said in the House of Commons:

"Even if we had been prepared to make available the extra troops that would be required to deal with the opposition by the Indian people over that period of years, it is certain that the people of this country... would not have consented to the prolonged stationing of large bodies of British troops in India, for a purpose which was not consistent with our expressed desire that India should achieve self-government at as early a date as possible. Such a decision would...have met with the hostility of all Indian communities...we should, therefore, have had to rule India through the Governor-General and the Governors without any representative Indian Government. We, therefore, ruled out the first alternative as both undesirable and impracticable."

Indian readers would do well to remember that it is one of the outstanding traditions of British parliamentary life that although the fight over any major issue may be bitter, once a decision has been taken, it is regarded as irrevocable and accepted as "water over the dam" by the defeated party. The compiler of the Conservative "Campaign Guide" would be the first to ridicule any suggestion that the Conservatives dream of reversing the Act of 1947, and I feel confident that he would not question my assertion that if a Public Opinion Poll were taken in Britain today as to whether the British Government of 1947 was right or wrong to issue a time-limit for leaving Indians to govern themselves, the result would be virtually a hundred per cent endorsement of what was done.

If this be accepted, it sheds a new light on this "Campaign Guide" paragraph and enables us to see it in perspective as a piece of electioneering of the type that the non-party man, the floating voter, describes as "naked and dishonest". Any stick, however old and feeble, is apparently thought good enough to beat the Socialists with. It is, however, a sobering thought to those of us who care for Indo-British friendship that the Conservative pamphleteer evidently felt that these arguments would appeal to a section of his audience. One hopes that Sir Anthony Eden, as the responsible leader of his historic party, will ensure that the editors of future editions of this Conservative Bible will remember the feelings of Commonwealth members and will delete this paragraph as the apocrypha of an Unauthorised Version.

In a final article next week, I propose to turn to some of the constructive points that are to be found elsewhere in this Conservative publication.

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A DELHI DIARY

THE CURIOUS PUBLIC

LET me tell the truth. Amongst the people of Delhi there was almost as much interest in the second Begum Mohammed Ali as there was in the Pakistan Prime Minister. Those who failed to see her either at the arrival at Palam or at the departure on Wednesday, eargerly scanned the newspapers for photographs of her. The newspapers happily obliged, and the photographers are to be congratulated on the extent to which women in New Delhi have acquiesced in the new first lady of Pakistan. I know that there are some people who would be shocked to have their personal lives the subject of such scrutiny. The question is being asked, and cannot entirely be avoided, as to whether the marriage itself is outside politics. The Pakistan Prime Minister has taken the view that this is entirely a personal matter. There are many people who agree with him. But, can a senior political figure separate his personal and public life in this manner? It seems to me that it has been made clear that in every country of the world (not excluding Reno in the United States!) marriage of a public person is public business. Were there not even in the United States whispers about Adlai Stevenson's separation at the time of the Presidential elections in 1952?

From all that I can gather at a distance, the personal popularity of the Prime Minister of Pakistan has been greatly reduced; now personal popularity is a major consideration in a political career or even in the fortunes of a political party which often rise or fall with the personal popularity of its leader. I would hesitate to say how the women of Pakistan will vote on a general Muslim League manifesto. But I have very little doubt the Pakistan Prime Minister would find it extremely difficult to be re-elected in a constituency which includes a majority of the women of Karachi. Surely, it cannot be said that this is entirely a personal matter.

Having devoted myself (perhaps inappropriately) to the private (public) matter which has attracted attention here as well as in Karachi, let me say that the Pakistan Prime Minister and his team have produced a very favourable impression on this visit to Delhi. Most people are unhappy that the negotiations were not more successful than they were. The agreement on the prevention of border incidents was the only matter on which complete agreement was reached. I wonder whether a personal factor was not responsible for the speed with which these arrangements were concluded. Both Pandit Govind Vallabh Pant and Maj-Gen. Iskander Mirza are men of prompt decisions. It is said that the personal equation represented by Maj.-Gen. Iskander Mirza has been an important factor in all conferences in which he is the leading figure.

GENERAL ISKANDER MIRZA

In India it would be impossible for a civilian servant, and with a known bias on the British side, to have ascended to the position of influence which Maj.-Gen. Iskander Mirza has acquired. The reason for this, it seems, is partly political. General Mirza as Defence Secretary has established his own following and commands almost complete obedience in the Pakistan armed forces. He has, therefore, a special place in the political set-up of a country in which the army's loyalty to the Government under all circumstances is a condition of stability. It is not impossible that in a future crisis of Pakistan politics (not, it seems very distant whether or not the Governor-General retires) the part that Maj-Gen. Iskander Mirza plays will be decisive. Giving many hostages to fortune, I prophesy that he will be Governor-General or Prime Minister of Pakistan one day. I know he has the same disqualification that Mr. Mohammed Ali has in the matrimonial scales. But I expect the memories of women in Pakistan, like those in India, are short.

THE INDIA OFFICE LIBRARY, LONDON

May I make a reference to one subject in the conversation which seems to me to have loomed unduly large? This is the India Office Library, London. The only direct fruit of the talks claimed in the communique is that the future of the Library is a matter to be decided entirely between India and Pakistan and thus tripartite talks with London are ruled out. If this is considered a success, I must confess that our standards for measuring success seem to have fallen considerably in recent years. On this particular question there were actually reports earlier to the effect that agreement had been reached on the transfer of the main library to Delhi, with duplicate copies of manuscripts to be given to Karachi and with the facilities for joint use which would meet all the needs of Pakistan's scholars. If this is not acceptable, surely it would be possible for the major portion of the library to be transferred to India and microfilmed copies of originals given to Pakistan might be obtained to make the Indian collection complete. It has been a great disappointment that the Education Ministers of India and Pakistan have in a relatively minor matter failed to reach an agreement.

I do not propose to say much on the communique issued on Kashmir. If Government communiques after meetings of Prime Ministers contain no more than this, the less said about them the better!

CRISIS IN GOA

There has been interest in Delhi in another, and this time not very helpful, neighbour. Affairs in Goa have been causing increasing concern. The fact that the Portuguese Police opened fire on a batch of 54 Satyagrahis who crossed into Goa on May 18 has been noted in Delhi with concern. It is unlikely that opening of fire in this manner will stop Satyagraha movements in the longer run. It is true that it was effective in respect of a small entry into an island pocket near Daman last month. On that occasion, it would appear that slogan met slogan, and rifle fire decided the issue. The Satyagrahis returned. But the wave of popular feeling in this matter has now grown significantly enough for a large number of persons in territories surrounding Goa to interest themselves in its liberation. The Government of India is perfectly correct in not using armed forces to support its claims for merger. I have heard more than one Member of Parliament say this decision is a mistake. But I do not think they realise the extent to which India's stand in foreign affairs would be injured by a jingoistic move. I applaud the Prime Minister's decision but also applaud the Satyagrahis. What happens when an irresistible forces an immovable object? I think the object becomes movable!

ARGUS.

Special Articles

THE PLIGHT OF COAL

AT 36.77 million tons, the production of coal in 1954 was actually 0.55 million tons higher than the previous record high output and about a million tons higher than in the previous year. Despite this increase, however, all is not well with the coal industry.

The most serious obstacle which besets the path of the progress of this industry is the threat of nationalisation. It will be recalled that when the famous (or infamous?) Industrial Policy Resolution was announced in 1948, it was stated that the coal industry would not be nationalised for another ten years. That period of moratorium is fast coming to an end and colliery proprietors and managers are naturally anxious to know if Government still intend to carry out their threat, and, if so, to what extent. The recent amendments to the Constitution, making the quantum of compensation a non-justiciable issue, has complicated matters still further. The industry cannot be blamed if, in the circumstances, it deliberately assumes a policy of "wait-and-see".

And yet, the need for rationalisation is perhaps much greater in this industry than in any other. At the present moment, many companies are working at a loss. The margin between costs and selling prices is getting steadily reduced and the impact of some at least of the fiscal measures has been highly oppressive. No private company has got a sufficient margin of reserves on which it could draw. On the other hand, the stowing of coal, to which so much importance is attached—and quite rightly—by Government, is a costly process.

It is true that the Government of India have a scheme in operation for rendering assistance to collieries stowing for safety and for conservation. During the four-year period ended 31st March, 1954, the Government of India have rendered assistance to various collieries to the extent of Rs. 2.2 crores, but, according to most competent observers, this is a mere flea-bite when considered against the background of the total requirements of the industry. Secondly, as has been pointed out by Mr. J. W. N. Baldock at the last Annual General Meeting of the Indian Mining Association, the manner in which the rules for rendering assistance are administered places a premium on inefficient manual methods. To quote his own words, "although it is universally conceded that mechanisation is more efficient—and in the long run cheaper—the outmoded rules by which the Coal Board determines the quantum of assistance place a premium on efficient manual methods, while the heavy capital cost of mechanical equipment goes partially unrequited. The reason for this unfortunate anomaly is to be found in the way the Board assesses allowances for depreciation, and repairs and renewals of capital equipment".

Another unfortunate feature is the present composition of the Coal Board. The Board has as its Chairman an official (the Coal Commissioner) who, by virtue of his being also the executive head of the State collieries, can scarcely be depended on for unbiassed consideration of the problems of the private owners. More serious still is the fact that the latter are not permitted to participate in the Board's work on a footing of equality with the official members. To quote from Mr. Baldock again, "in its present form, the Coal Board is but a pale shadow of the National Coal Commission which the Indian Coalfields Committee of 1946 recommended as an overall authority for the coal industry....The Coal Board of today bears little resemblance to the body which the 1946 Committee had in mind, and, with all due respect to the abilities and qualifications of the gentlemen who constitute the Board, it is difficult to see why the Government refuse to avail themselves of the accumulated experience and knowledge of the industry itself in such complex matters as confront them".

The need for a clear enunciation of policy by Government is, therefore, obvious. The fulfilment of the second Five-Year Plan, now in the process of preparation, would depend very largely on a substantial increase in the production of coal. It will be no exaggeration to say that coal will serve as the main basis of the various development projects envisaged in the Plan. According to a Memorandum prepared by the Indian Mining Federation, the country's total requirements of coal are estimated to be of the order of 60 million tons at the end of 1960. Even if one were to take into account the possible replacement of coal by hydro-electric power, the total requirements will certainly be between 50 and 55 million tons, as against the present production of 36 to 37 million tons per annum.

There also appears to be a tendency in certain quarters to neglect the development of the Bengal-Bihar coalfields, on the ground that the cost of transportation is rather high from this area to the industrial belts of Western and Southern India. While there can be no objection to Government's trying to develop as fast as possible the coalfields of Madhya Pradesh, Orissa, Hyderabad and Andhra (lignite), it would be a suicidal policy to overlook the importance of the collieries in the Bengal-Bihar region. Firstly, this coal belt is at the very centre of a vast industrial area comprising parts of the States of West Bengal, Bihar and Orissa. Secondly, the port of Calcutta still offers the most organised and suitable outlet for coastal shipments and exports from this area. Thirdly, the capital outlay in collieries of the Bengal-Bihar region, their present output and their potential capacities far outweigh the combined output, capacity and capital invested in all the other collieries in the country. Finally, the managements of collieries in this area have an unrivalled knowledge of coal-mining based on decades of practical experience. A national coal policy cannot, therefore, afford to leave out of account the coalfields of West Bengal and Bihar.

Another point to be remembered is that the best quality coal is available in the Bengal-Bihar region only. The amount of such coal is not, however, unlimited and it is necessary that attention should be focussed on conservation as a measure of safeguarding the future economy of the country. In the words of the Indian Coalfields Enquiry Committee of 1946, "while our total reserves of coal may be large, the reserves of those coals which are likely to retain their specific importance for certain industries are comparatively limited...With the present rate of extraction and use, the reserves of good coking coal may not last longer than 65 years. Again, while our reserves of other good quality coals are relatively larger, we do not have overmuch of those high volatile coals on which a sound and more enduring chemical industry can be built. It is, therefore, to the conservation in use of good coking and high volatile coals that attention must primarily be directed".

Although the Coalfields Enquiry Committee reported some nine years ago (it was the last of the four Committees set up by the Government of India to enquire into, and report on, certain specified problems affecting the coal industry), practically no steps have yet been taken by Government to prevent the colossal wastage of good quality coal that has been going on on an ever-increasing scale all these years. While all kinds of obnoxious controls are being exercised by the Coal Board and the Coal Commissioner, no action is being taken on such recommendations as (a) restricting the use of good coking coal to iron and steel works and coke ovens, (b) maximum extraction in respect of all coals with an ash content of up to 30 per cent, (c) prevention of fragmentation by control over leases and sub-leases, and (d) prohibition of sectional working of seams.

The root of the trouble is that the fate of a highly specialised and complicated industry is in the hands of an official who has had no technical knowledge or experience. He is assisted by a Board which again is composed purely of officials and, while some of these latter have got technical experience, they are handicapped by the fact that they are officials first and technicians afterwards. What is needed today is the setting up of a National Coal Commission with a majority of non-official mining engineers and experts, and with a Chairman possessing the requisite technical qualifications. While constituting this Commission, Government should also announce their policy on the question of nationalisation, as the present uncertainty is leading to improvident exploitation of the best seams and neglect in the maintenance of many mines. The inadequacy of Government's administrative machinery to manage coal mining should, however, be clearly borne in mind before a decision is taken, in undue haste, to nationalise this industry.

LINEAR PROGRAMMING—A NEW TOOL OF ECONOMIC ANALYSIS

BY

AJIT K. BISWAS

NON-MATHEMATICAL economists are very often baffled by some of the recent developments in economic theory based on an increasing use of mathematical techniques. Their reactions probably take one of two forms: some seek to probe the mysteries of these new techniques by acquiring some basic knowledge of mathematics, with varying degrees of success; others indulge in a denunciatory attitude, implying that all these new developments are not real or genuine, they are only old wines poured in new bottles.

It is very true that many of the sophisticated mathematical presentations of economic problems and their solutions have a forbidding appearance to those who did not have any training in advanced calculus and modern algebra, not to speak of those who have forgotten their school algebra. But it is not quite true that the ideas involved in these new theories,—dynamic economics, theory of games, input-output analysis or linear programming—are as baffling as their mathematical cover. There is a real need to understand that mathematics is only a language and a thorough mastery of mathematical techniques is not essential for the comprehension of some of the basic elements of that language. This view emboldens one to ask, "what, after all, is linear programming, which is so much talked of these days?" An answer to this question will be attempted here.

Linear programming consists in the maximization or minimization of a linear function subject to a number of linear constraints. These constraints may take the form, either of linear equations or linear inequalities. Supposing there are n variables, x1, x2, ..., xn , a linear function of these variables will be of the form z=c1x1+c2x2+.... +cn xn, where the c's are known, so that in each of the n terms in the function only one variable appears with power one and along with a constant coefficient. Evidently, if there are no restrictions on the x's, the maximum of z is given by taking all the x's as large as possible with the result that z tends to infinity. Similarly, if we have a singular requirement that the x's are non-negative, the minimum of z is obtained by setting all x's equal to zero so that minimum z is equal to zero. This is all trivial, and no effort is needed to find the answer. A real meaningful linear programming problem arises when we have a set of m(m is less than n where n is the number of variables) linear constraints of the form ail x1+ai2 x2+....+ ain xn=bi for i=1, 2, ..., m and we ask the following question—for what values of non-negative x's does z achieve its maximum (or minimum)? In these cases, solutions are not easily obtained.

As it appears above, linear programming problems are not necessarily confined to the field of economics. They may conceivably arise in many other branches of science. For a clearer grasp of linear programming problems, some economic illustrations will be considered here.

An almost classic problem, known as the adequate diet problem, was first posed by J. Cornfield in 1941 and then by G. J. Stigler in the Journal of Farm Economics, May 1945. We have a number of foods whose prices are given. The cost to an individual of the food he consumes is given by the quantity of different foods he purchases for consumption, times their prices. His problem is to consume such foods and in such quantities, as would minimize the cost of his diet, subject to certain nutritional requirements. The nutrition experts supply a chart, showing that the intake of calories, vitamin, starch, carbohydrate, protein, etc., by an individual must not be less than certain specified amounts. Another important piece of information is obtained from the biochemists giving the nutrition contents of different foods. To be more specific, suppose we have eight foods, whose quantities are denoted by q1, q2, ..., q8, and prices (which are known) by p1, p2,.... p8. Let there be four nutrients, calories, vitamins, carbohydrates and proteins and it is stipulated that their intake must not be less than b1, b2, b3 and b4 respectively. Also we have a two-way table giving the nutrition content of eight foods as follows:

Food / Nutrients	1	2	3	4	5	6	7	8
Calories.	a_{11}	a_{12}	a_{13}	a_{14}	a_{15}	a_{16}	a_{17}	a_{18}
Vitamins.	a_{21}	a_{22}	a_{23}	a_{24}	a_{25}	a_{26}	a_{27}	a_{28}
Carbohydrates.	a_{31}	a_{32}	a_{33}	a_{34}	a_{35}	a_{36}	a_{37}	a_{38}
Proteins.	a_{41}	a_{42}	a_{43}	a_{44}	a_{45}	a_{46}	a_{47}	a_{48}

Our problem, then, is to minimize the cost of the diet namely Z p1q1 p2q2 ..... p8q8, subject to

$$a_{11}q_1 + a_{12}q_2 + \ldots + a_{18}q_8 = b_1$$
$$a_{21}q_1 + a_{22}q_2 + \ldots + a_{28}q_8 = b_2$$
$$a_{31}q_1 + a_{32}q_2 + \ldots + a_{38}q_8 = b_3$$
$$a_{41}q_1 + a_{42}q_2 + \ldots + a_{48}q_8 = b_4$$

and $q_i \geq 0$. $(i=1,2,3, \ldots\ldots 8)$

Thus the unknowns in our problem are the foods to be chosen out of an aggregate of eight and their quantities. That q's are non-negative is an important constraint because there is no meaning whatsoever in saying that negative quantities of foods are consumed.

Let us take another case, known as Hitchcok-Koopmans transportation problem. We have m shipping point origins from which a homogeneous commodity is to be shipped to n destinations in certain specified amounts. Assuming that shipping cost per unit of the commodity from each of the origins to each of the destinations is known, the problem is to minimize total cost of transportation subject to the satisfaction of above requirements. Suppose there are four shipping point origins, A B, C and D, and six destinations M, N, O, P, Q and R. The amounts which have to be shipped from four ports of origin are given by s1, s2, s3, and s4 respectively. The amounts which are to be received by the six destinations are d1, d2, d3, d4, d5 and d6. Shipping costs per unit of product from the four ports of origin to the six destinations are given in the following table:

Destination. / Ports of origin.	M	N	O	P	Q	R
A	c_{11}	c_{12}	c_{13}	c_{14}	c_{15}	c_{16}
B	c_{21}	c_{22}	c_{23}	c_{24}	c_{25}	c_{26}
C	c_{31}	c_{32}	c_{33}	c_{34}	c_{35}	c_{36}
D	c_{41}	c_{42}	c_{43}	c_{44}	c_{45}	c_{46}

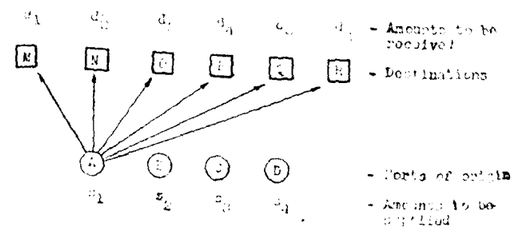
Thus per unit shipping cost from A to M is c11, from B to P, c24 etc. This completes the data of our problem.

We have 24 unknowns, namely, the amount that has to be shipped from each of the four ports of origin to each of the six destinations. Denoting amounts of the commodity shipped, by q, we have the following table of unknowns.

Destination. / Ports of Origin.	M	N	O	P	Q	R
A	q_{11}	q_{12}	q_{13}	q_{14}	q_{15}	q_{16}
B	q_{21}	q_{22}	q_{23}	q_{24}	q_{25}	q_{26}
C	q_{31}	q_{32}	q_{33}	q_{34}	q_{35}	q_{36}
D	q_{41}	q_{42}	q_{43}	q_{44}	q_{45}	q_{46}

Thus q_{11} denotes the amount to be shipped from A to M, q_{34} the amount to be shipped from C to P etc.

All this can be summarised in a more or less self-explanatory schema which is given below.



The amounts to be shipped from A to the six destinations are indicated by the six arrows. Similarly, we should have arrows from B, C and D to each of the six destinations.

Now we can precisely formulate the problem. We have to find out the twenty-four unknown q_{ij}'s (i = 1, 2..., 4; j = 1, 2..., 6) such that the total cost of transportion given by

$$Z = c_{11}q_{11} + c_{12}q_{12} + \ldots + c_{16}q_{16}$$
$$+ c_{21}q_{21} + c_{22}q_{22} + \ldots + c_{26}q_{26}$$
$$+ \ldots\ldots\ldots\ldots\ldots + \ldots\ldots + \ldots\ldots$$
$$+ c_{41}q_{41} + c_{42}q_{42} + \ldots + c_{46}q_{46}$$

is minimum subject to the following constraints.

$$\text{(i)} \quad \begin{aligned} q_{11} + q_{12} + \ldots\ldots + q_{16} &= s_1 \\ q_{21} + q_{22} + \ldots\ldots + q_{26} &= s_2 \\ \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \\ q_{41} + q_{42} + \ldots\ldots + q_{46} &= s_4 \end{aligned}$$

$$\text{(ii)} \quad \begin{aligned} q_{11} + q_{21} + q_{31} + q_{41} &= d_1 \\ q_{12} + q_{22} + q_{32} + q_{42} &= d_2 \\ \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \\ q_{16} + q_{26} + q_{36} + q_{46} &= d_6 \end{aligned}$$

and (iii) $q_{ij} \geq 0$ $(i = 1,2,\ldots, 4;\ j = 1,2,\ldots, 6)$

(i) ensures that the total amounts supplied from each of the ports of origin exhaust its total supply; (ii) ensures that the total amount received by each of the destinations is equal to its requirement; and (iii) ensures that the amounts to be shipped from each of the ports of origin to each of the destinations are non-negative. It is evidently meaningless to say that negative amounts of the commodity are shipped from ports of origin to destinations.

In a forthcoming article, possible methods of solution of linear programming problems will be indicated. It will also be shown how a linear programming approach may be used as a powerful tool in economic planning.

(Note: The equalities in the constraints in the sixth paragraph should be replaced by "greater than or equal to " signs.)

The Business World

WORLD TRADE IN TEXTILES

A COMPREHENSIVE study of the structural changes that have taken place in the world's textile markets during 1938-53 is contained in a recent report published by the Trade Intelligence Unit of the GATT Secretariat. The report is based on a fund of relevant data pertaining to the consumption of cotton, yarn and wool in 86 countries and the trade of these countries in yarns, tissues and other manufactures in respect of the three main fibres. After analysing the statistics gathered, the study arrives at certain broad conclusions. The composition of trade in textiles, it observes, has changed substantially since pre-war, not only in respect of its distribution as between the products made of the three main fibres, but also as regards each fibre, yarn, tissue and other manufactures. Similar tendencies were visible in the composition of trade in respect of cotton and wool textiles. The volume of trade in yarns fell more than the trade in tissues, while the trade in other manufactures increased.

World consumption of the three main fibres together, the report goes to show, increased significantly less since pre-war than the world's total industrial output. The latter stood since 1948 continuously much higher than in 1938, until in 1953 it nearly reached twice the pre-war volume. World output of textiles, while exceeding the pre-war level in 1948, failed to rise without interruption. The fluctuations in the industrial consumption of individual fibres, according to the report, show wide differences in post-war years. Compared to 1938, cotton consumption in 1953 exceeded by 17 per cent and wool consumption by one-fifth. Rayon consumption has increased by well over twice the pre-war level.

The study proceeds to make some noteworthy remarks about the "textile crisis" of 1952. The "so-called" crisis, it says, "appears, upon closer analysis, to be nothing more than the perfectly plausible result of market responses, as far as production developments are concerned". It admits that the crisis adversely reacted on international trade in textiles far more heavily than on production, but adds that the ratio of exports to production in 1952-53 was no smaller, compared with the pre-war in respect of textiles, than it was for all commodities.

Comparing the progress made by rayon vis-a-vis cotton, the publication observes that in 1953 the world consumption of raw cotton, and hence the production of cotton goods, exceeded the 1938 level by 15 per cent, whereas rayon output had gone up to 114 per cent. World exports of raw cotton had declined by 21 per cent, while exports of dissolving pulp, used for rayon manufacture, had risen by 30 per cent. This difference, according to the report, is due to the geographical distribution of the cotton and rayon textile industries.

World trade in textile products accounted for nearly 5 per cent of total world exports, against 5½ per cent in 1938. However, there was a large shift in the destinations of textile exports from nine major supplying countries. In 1938, their bulk—about 71 per cent of value—was directed to the non-industrial regions. In 1953, the share had fallen to 58 per cent. Within this reduced share, the United States and France were the only suppliers that showed relative gains, mainly at the expense of Japan and Germany. The report shows that within the increased share destined to the industrial world, the importance of the United States also rose, but the principal gains were made by European countries, chiefly Belgium and the Netherlands. Their combined gains, it is pointed out, were as large as the United Kingdom's losses.

INDUSTRIAL RELATIONS

By
CROESUS

FROM the point of view of business men, there were two very important meetings, namely, the 22nd annual session of the All-India Organisation of Industrial Employers (A.I.O.I.E.) and the 14th session of the Indian Labour Conference (I.L.C.) the latter of which has just concluded, while the former was held on Friday last. Some of the problems discussed at these sessions were common besides the facts that Mr. Khandubhai Desai, the Union Labour Minister, inaugurated both these sessions and much of what he said too at either of these sessions was common.

Employer-employee relations naturally engaged the attention of both the meetings. It was rather amusing to find the President of the A.I.O.I.E., Mr. G. D. Somani, suggesting to the Government the necessity to do some re-thinking in respect of industrial legislation affecting employer-employee relations, and Mr. Khandubhai Desai, in his turn, also making a plea to industrial employers to give up their traditional approach towards solving industrial disputes and to readjust their attitudes. But this seems to me to prove unmistakably the imperative need to recast the existing structure of employer-employee relations. As it is, it is gratifying to find that both employers and Government stress the desirability of mediation rather than legislation, but it is a pity that the two are nowhere near a mutually acceptable common approach. In his presidential address, Mr. Somani said: "We must have 'peaceful co-existence' in industrial relations with greater emphasis on mediation rather than on legislation. We are in an era of economic planning and our task is to increase production. I am glad that, during the past two years, greater emphasis has come to be placed on mutual consultation and collective agreement rather than on compulsory adjudication."

Mr. Khandubhai also seems to regard mutual negotiation as a satisfactory method of settling industrial disputes. "That is the method", he said, "of settling disputes through mutual trust and accommodation". According to him, this method requires "patience in spite of discouragement, a cool head in face of provocation, reason ahead of passion and sentiment—in short faith in the efficacy of mutual negotiation and thus in one's own self". Although he did not say it in so many words, he seemed to me to convey the impression that these requirements are not easy to find at present. Hence, where mutual negotiations do not bear fruit, he said: "I would much rather resort to adjudication quite freely than allow the parties to indulge in a trial of strength". The Union Labour Minister does not apparently like the employers resisting adjudication and, quite pertinently, he said; "Even where they succeed in warding off an adjudication and thus in avoiding, for a time, financial burden of an award, they would have done so only at the risk of very considerable damage to their establishment in the form of reduced quantity and quality of production resulting from sullen discontent and frustration among

workers." And he added: "A willing labour will see to it that it gives far more to industry than it takes from him".

One wishes that this were really so. But what is the country's experience? The present malaise at the main docks in India probably provides a striking example of the attitude of labour. A comparison of the output of dock labour before and after the introduction of the decasualisation scheme, which Mr. Khandubhai has praised so much, shows that there is hardly a trace on the part of labour of its willingness to give more than what it receives. We are thus told that, before the last war, the average rate of discharge of bagged cargo varied from 159 to 206 tons per hook. But, even so, at the time of the introduction of the decasualisation scheme, only the low figure of 96 tons was accepted as the datun line, but even this was brought down subsequently to 90 tons. The actual output of the dock labour, however, falls short of even this low revised datun line figure by about 40 per cent.

In this connection, it would be interesting to allude to the reference made to the percentages of factory wages to 'per capita' income in different countries made by Mr. Somani. Preliminary studies in this behalf, he said, showed that the percentage of factory wages 'per capita' income was the highest in India at 419, as against 216 in Japan, 190 in U.S., 145 in U.K. and 126 in Argentina. Although this difference can be accounted for by several factors, the fact remains that "the lowest paid factory worker in India is getting much more than his counter-part working in agriculture. Even amongst industrial workers, factory workers are much better off than workers in cottage industries."

When Mr. Somani made the above statement, I must hasten to add, he was not wanting to oppose a fair wage to the industrial worker. He only wanted that we must have a national wage policy and that the fundamental objective of it must form part and parcel of the country's general economic and social policy.

Talking of employment opportunities, I must say Mr. Somani entered a highly controversial sphere when he observed: "A stage has arrived in our planning when active steps must be taken to effect a more rapid rate of industrialisation. An improvement in the standard of living of the people and an improvement in the working conditions of the labour force will be possible only when the modern modes of production are utilised. However much cottage industries may appeal to sentiment, they are verily the areas where Governmental or municipal supervision is almost impossible and furthermore because low productivity has to be made up by drudgery and overwork".

Mr. Somani, I feel, should have developed this point a little further and expatiated upon the effects, on the market for the products of our cottage industries, of Government or municipal intervention in order to prevent drudgery and overwork in these industries. This would certainly result in raising the cost of cottage industry products further. As it is, they are so prohibitively costly that they are only being patronised by either the aristocratic sections—such as are still left behind—or the foreigners to whom they are a curio. In view of this, it is a dismal prospect, indeed, for the indigenous consumers when, as visualised by Mr. Khandubhai Desai, many lines of consumer goods production, which according to him are particularly suited for this section, pass on to cottage and small-scale industry.

Presumably because the Union Minister for Labour was present at the function, Mr. Somani availed himself of the opportunity to clarify the employers' position regarding the reorganisation of the adjudication machinery so as to help the speedy and efficient disposal of cases. This was necessary presumably because official circles have somehow succeeded in creating the impression that employers' representatives at the J.C.B. also agreed to the abolition of the Appellate Tribunal which, it now transpires, is not the case. I am glad that Mr. Somani did not stop at this, but went on to establish how hollow the arguments advanced (by certain labour interests) for the abolition of the Appellate Tribunal are. He said: "The one argument which is usually advanced for the abolition of the Appellate Tribunal is that there is delay in the disposal of cases. Can the blame for the delay be put on the Appellate Tribunal? The delay occurs because appeals from the decisions of the tribunals all over the country are to be disposed of by just three Benches of the Appellate Tribunal. I would request the labour organisations to review their stand apropos of the Appellate Tribunal. I appeal to the Labour Minister also not to proceed with the abolition of the Appellate Tribunal, but to strengthen it as well as the labour courts".

Evidently the A.I.O.I.E. Chief's appeal has fallen on fertile soil. For I understand that, following the three-day deliberations at the Indian Labour Conference, it has been practically agreed that the Appellate Tribunal shall continue and with one more bench added! If so, I devoutly hope it will be an active bench, because, although we are supposed to have five benches in all today, it is only three benches that could be said to be functioning really effectively.

There is one point of agreement between Mr. Somani and Mr. Khandubhai which, in my opinion, is very significant. Referring to the statement of the Union Labour Minister in Parliament that the real wage of workers has been increasing and is today higher than what it was in 1939, Mr. Somani wondered how far this increase in wages had been made possible by increased productivity or reduction in profits. Compare this with what Mr. Khandubhai said to the I.L.C. "As for workers, themselves", he remarked, "they must give more than they take, so that there is steady augmentation of the wealth of society as a whole. In industries in which the level of wages is reasonable, any further increase in wages would have to be earned through greater production". Whatever may have been Mr. Khandubhai's justification not to touch upon the topical issues of Appellate Tribunal abolition and appointment of a wage Commission at the A.I.O.I.E. meeting, there was nothing to prevent him from dealing with these at the I.L.C. sessions. I am disappointed that neither his address to the I.L.C. nor the published version of the proceedings of the Conference throws any light on these issues.

In the prevailing feeling of uncertainty which has overtaken the business community, it was a note of refreshing robustness, indeed, that Mr. Somani struck when he said that the achievements of private enterprise in the first Five-Year Plan period so far are no less spectacular than those of the public sector. And he maintained: "Let private enterprise be given a fair chance and if it is so given, those in charge of public affairs as well as those in business will serve well by their country and deserve an honourable place in the scrolls of history, especially in the economic history of our times".

This is not all. The Union Labour Minister also wants workers to participate in industry as equal partners. This is all very well. But Indian labour must become more educated, more duty-conscious and better trade-union-minded before it can aspire to sit and usefully partake in the deliberations that take place in board-rooms of our companies. While I would warmly welcome that day, I am now content to ask my labour friends: "deserve and desire".



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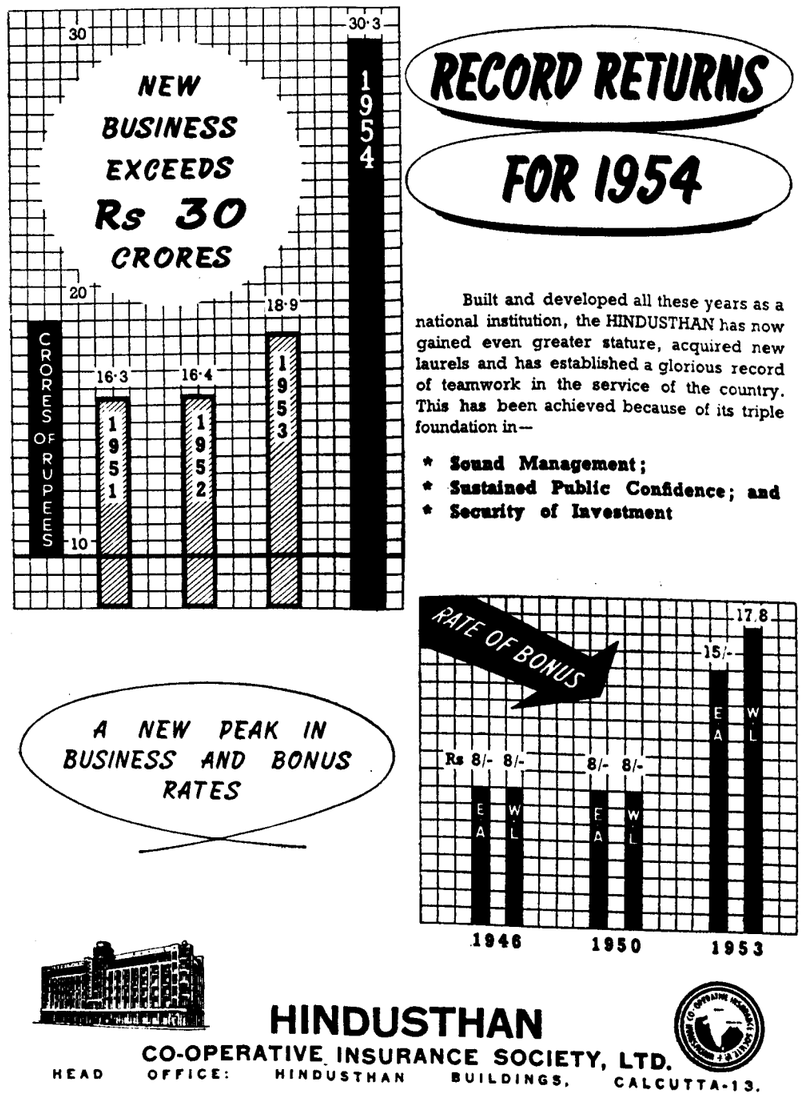
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BUSINESS NOTES

SECURITY FOR THE STATE BANK OF INDIA

THERE IS a curious section in the State Bank of India Act which has received very little attention. It is to the effect that the State Bank of India will not normally receive immovable property as approved collateral security. In this respect the State Bank of India proposes to follow the Imperial Bank which has generally worked a rule prohibiting immovable property as approved security. In a sense the Reserve Bank of India also carried with it an initial failing which grew out of Imperial Bank practice. So long as the creditworthiness of a party is good, one wonders why immovable property should be excluded from security. So far as the Imperial Bank was concerned the answer was simple. It was a bank which had no need to take any risks, because economic development, particularly in rural areas, was not its concern. But how can the State Bank of India be similarly unconcerned?

It is obvious that a major error has been made in this restriction which, as examples in other banks have shown, really serves no vital purpose. There is, apart from the Imperial Bank, no bank in India or outside which rejects applications for loans merely on the ground that the collateral security consists of immovable properties. Even Exchange Banks working in India like the Chartered Bank of India, Mercantile Bank and the National Bank of India had made a practice of accepting land, buildings and machinery as security. They have had to do this because otherwise their loans will be unduly restricted. The State Bank of India will need to do it for a larger national purpose.

The sole justification for the State Bank of India is that it is to impart a new life to the credit structure of rural areas; it is to make money available for the development of agriculture and occupations of agriculturists used to supplement their strictly agricultural income. If immovable property is excluded, the base on which the State Bank of India will operate is reduced manifold. Indeed it is not seen, if the rules of the Imperial Bank are still to be employed, how any change can be effective. To the extent that an even more bureaucratic outlook may pervade the State Bank of India the situation may well be worse.

It is thus clear that an immediate amendment is required on page 14 of the bill and the amendment should be designed to make immovable property or documents of title relating thereto acceptable as collateral security subject to such directions as may be issued from time to time. As the matter is one of great urgency there is justification enough for a change to be effected by ordinance, since Parliament is not now in session.

REVISION OF STEEL RETENTION PRICES

GOVERNMENT'S ANNOUNCEMENT on the revision of steel retention prices to be paid to the Tata Iron and Steel Company and the Indian Iron and Steel Company has not enthused the market. From the viewpoint of policy for price fixation, the basis on which the interim increase is granted is important for the reason that the principle of differential prices has been abandoned and a uniform rate of prices has been prescribed for the two major producers. Even this significant change in policy has failed to cause any stir because its acceptance was already a known fact. The interim increase is to hold good until the Tariff Commission tenders its report on retention prices and action is taken by the Government in pursuance of it. To state that the terms of reference will involve no complicated issues for decision is to oversimplify the matter, but one thing which is certain is that the Tariff Commission will have to proceed on the basis of uniform prices.

This basis inevitably required that the retention prices should be related basically to the works costs of Indian Iron and Steel Company which are the higher of the two. The new uniform retention price for finished steel, fixed with retrospective effect from April 1, 1955, at Rs. 385 per ton, gives a margin of increase of Rs. 7 per ton to Indian Iron and of Rs. 54 per ton to Tata Steel. Indirectly, it means that Tata Steel has been denied the superior benefit arising from lower production costs in the past. Any speculation about the probable level of the costs of Indian Iron that will emerge at the Tariff Commission's price enquiry is superfluous. The decision taken by the Government is sound because it brings the healthy principle of uniformity in price determination. A vital condition attached to this decision is that all the proceeds of price increase are to be earmarked for financing the expansion programmes of the two units.

MORE FORWARD MARKETS FOR COTTON

IN ACCEPTING the recommendations of the Forward Markets Commission to allow more cotton futures markets to be opened at important centres in cotton growing areas, the Government has in effect introduced the principle of decentralisation of forward trade in this speculative commodity. Hitherto the East India Cotton Association, Bombay, functioned as the sole organisation in the country providing hedge facilities to Indian cotton in general. The singular service which it has rendered over the decades for stabilising cotton prices has earned a unique place for it in the cotton trade. The recognition accorded to the Association has been placed on a permanent basis. While the leading position of the Association will undoubtedly continue to be maintained, a positive gain is to be expected in developing regional markets for futures trade.

The Forward Markets Commission's recommendations were for opening additional markets at three centres, in the first instance, namely, Akola, Indore and Ahmedabad, to be followed by two or possibly three more at a subsequent stage. The Government has taken a decision to make a beginning in this behalf with Akola in Madhya Pradesh and Indore in Madhya Bharat. In both the places, recognition is to be extended to the new forward markets for three years. The formation of a futures market in Akola presents hardly any difficult problem since in Akola presents Commercial Exchange is approved for recognition. In the case of Madhya Bharat, Indore does not enjoy the advantage of being the only major cotton market as Ujjain also has developed a stable market. Pre-integration sentiments, however, need not raise serious difficulties in establishing a smooth futures market at Indore. Taking note of this factor, the Forward Markets Commission has laid it down as a pre-condition that cotton interests from both the places should be fully reflected in the new Association and its Board of Directors should give balanced representation to the two components.

IMPORT OF SHEET GLASS

IN ARGUING its case for a total ban on imports of sheet glass of all varieties, the industry has laid stress on recent developments which are subsequent to the adoption of the current import policy. At present the import quota of sheet and plate glass combined is fixed at the ceiling of 75 per cent with a condition attached that not more than 10 per cent of the face value of an individual licence can be utilised for import

of sheet glass between 13 oz. and 32 oz. The development of great significance, on which the industry places particular emphasis, is the coming into full production of Hindustan-Pilkington Glass Works, with an investment of Rs. 1 crore and the special benefit of the technical collaboration and guidance of Messrs. Pilkington Bros. Ltd. of England. This new unit has undertaken production of thinner sheet glass of 10-12 oz. substance as well as thicker sheet glass of 3/16" and 7/32". No ban on import of the latter varieties exists under the present policy for the reason that they were not indigenously produced. The production of the three other factories during September-November, 1954, works at a monthly average of 2.67 million sq. ft., and Hindustan-Pilkington on achieving full production capacity target, registered the output of 2.27 million sq. ft., in December 1954. If this production rate is maintained, total annual output will rise to 57 million sq. ft., as against estimated requirements of 37 million sq. ft. But in any case actual production is anticipated to be in excess of home demand.

A saturation point is thus threatened seriously. It is not clear how the three older units stand equipped in the matter of sustaning a uniform high rate of production over a long period of time. The Tariff Commission was constrained to make certain adverse observations about the quality of domestic products in the course of its last enquiry. The case made out by the industry for a total ban on import of sheet glass of all varieties places reliance on the performance of Hindustan-Pilkington with a particular note of confidence. This seems well warranted. There is need for similar reassuring promise in respect of the other units. A major ban will have to be justified on all counts and consumer interests in regard to price, quality and continuity of supply will need reasonable protection. The industry promises these safeguards particularly in view of the Tariff Commission's supervisory authority. In the meanwhile, internal cut-throat competition is said to be under way. The stalemate seems difficult to break unless the volume of supply is kept in reasonable proportion to the capacity of the market to absorb it. This state of affairs, and the probable stabilised increase in output, will exert pressure on the industry for diversification of production. But immediate relief seems indicated in a stricter import policy from the second half of the current year.

BOMBAY STATE FINANCIAL CORPORATION

THE SECOND annual report of the Bombay State Financial Corporation for 1954-55 discusses some important issues of the Corporation's loan policy. One such interesting issue relates to the provision of loans for working capital. The primary function of these corporations is to advance credit for long-term capital requirements, but it does not debar them from satisfying the short-term requirements of credit-worthy and promising industrial concerns. The Bombay State Financial Corporation, which apparently has funds to spare for this purpose, has made it an absolute rule of policy that advances for working capital can be made only in cases where the main demand of the applicant is for block capital and then loans for working capital cannot exceed 25 per cent of the total amount. The criteria for grant which the Corporation has accepted in this behalf are intended to restrict the use of this facility to really deserving cases. As the Corporation has given a firm assurance that it would take every precaution to avoid competition with commercial banks, there should be no misconception about adverse repercussions of its policy on these banks.

The Corporation's financial operations show that it has now got into the stride. After making provision for reserves, brokerage and commission, and taxation, the net profit of Rs. 2.40 lakhs leaves a balance of Rs. 1.07 lakhs for distribution as dividend. This is slightly less than one-third of the amount due under the guaranteed dividend. The State Government is being called upon to make good the gap. During the year, loans were sanctioned in 31 cases to the tune of Rs. 68.37 lakhs, 66 cases involving loans of Rs. 128.95 lakhs are pending consideration, 73 cases for loans of Rs. 40.07 lakhs were disposed of by transfer to the State Director of Industries as falling within his jurisdiction or on other grounds including non-pursuit of applications, while 29 applications for loans of Rs. 39.25 lakhs were rejected. It is an index to the direction of the development of small and medium industries of Bombay State that the principal beneficiary of loans was the group of engineering industries with a credit provision of Rs. 20.60 lakhs. Other major beneficiaries were metal industry Rs. 13.5 lakhs, textiles Rs. 12.7 lakhs, biscuits and confectionery Rs. 5 lakhs, electricity supply Rs. 4.3 lakhs and pharmaceutical industry Rs. 3.15 lakhs.

INDUSTRIAL HARMONY

THE NEW accent which is to be placed on the expansion of the industrial sector of the economy in the course of the second Five-Year Plan has caused considerable re-thinking on the direction which industrial relations should be given. It is a truism that if expansion of industrial production is to be carried through on the scale expected in the next plan, industrial relations must be maintained on a basis of enduring peace as this one factor alone has potentialities to upset the whole programme. There is need for a constructive approach to labour-management problems. Mr. Khandubhai Desai condemned strikes and lock-outs as totally outmoded in a democracy based on adult franchise and appealed for peace, mutual trust and understanding. This very appeal could have been made in a different perspective to carry genuine conviction. It is, however, refreshing to find a different approach on the part of organised employers. Mr. G. D. Somani, addressing last week's annual session of the All-India Organisation of Industrial Employers, stressed: "It is worth while remembering at every stage that our planning is also democratic and not totalitarian and therefore we have to ensure that in the process of reaching our targets, we do not unduly curtail the freedom of individuals or groups. While strikes and lock-outs are not certainly conducive to production, I feel that we cannot entirely ban them in a democracy".

But if strikes and lock-outs are to be averted to the maximum extent humanly possible, emphasis must shift now from compulsory adjudication to consultation and collective bargaining. This shift is already in evidence and the reconstitution of the Joint Consultative Board of Industry and Labour as a really independent and exclusively bipartite organisation is indicative of increasing reliance on the process of consultation. Joint consultation has produced at least limited good results and a provisional agreement has been arrived at on disciplinary action during the pendency of proceedings relating to industrial disputes. But of much greater and more basic importance is the necessity of arriving at an agreed solution on the rationalisation of the adjudication machinery. The cleavage of opinion on the continuance of the Labour Appellate Tribunal is probably too sharp to admit of a compromise at this stage and Government has contributed not a little to this result by showing indecent haste in announcing the weight of its authority on the side of abolition of the Tribunal. Nevertheless, the Joint Consultative Board on Labour and Industry should strain every nerve to evolve an acceptable formula for reshaping the adjudication machinery on the basis of a three-tier system for tribunals.

COMPANY AFFAIRS

SOORAH JUTE

The Profit and Loss Account of the Soorah Jute Mills Co., *Ltd.* for the year ended December 31, 1954, shows a profit of Rs. 11.6 lakhs including the balance of Rs. 2.53 lakhs brought forward from the previous year. A sum of Rs. 7.06 lakhs has been provided for depreciation and another Rs. 80 thousand has been transferred to Contingency Reserve Account, leaving a balance of Rs. 3.77 lakhs. Out of this balance, Rs. 70 thousand have been earmarked for paying dividend at 7 per cent on 10,000 Cumulative Preference Shares and Rs. 1.4 lakhs for paying a 10 per cent dividend on the Ordinary Shares, both free of income-tax. The balance of Rs. 1.66 lakhs is carried forward.

The mills worked 330 looms at 48 hours a week up to October 16, 1954 and thereafter increased the loomage to 351.

During the year, the modernisation programme of mill machinery up to spinning was completed and the full benefits to accrue therefrom are expected during the current year.

THE MCLEOD GROUP OF JUTE MILLS

Steady improvement in the working of the three jute mills of the McLeod group, *namely* the Alexandra, the Chitabalsah and the Presidency Jute Mills, is revealed in their respective statements of accounts for the six-month period ending December, 1954. Trading conditions, the Directors state, were better though still difficult. As a result of flooding and damage, raw jute prices showed a steady increase towards the close of the half-year period. Improvement in the heavy goods prices was offset to a large extent by the marked increase in the price of cuttings.

Due to a re-allocation of loom hours on a group basis and the purchase of *loom* hours, the Alexandra Mills worked 48 hours per week with 12½ per cent of their total looms sealed up to July 12, 1954, when the Mill commenced working 96 hours per week on a double shift basis. From October 18, 1954, onwards, the loomage was increased from 250 to 350 per shift. The Presidency Mills also worked 48 hours per week with 12½ per cent of total looms sealed up to September 27, 1954. It then started working 96 hours a week on *double-shift* basis and increased its number of looms from 230 to 300 from October 18, 1954.

All the three Mills show significant improvement in the profits made. Whereas the Alexandra has doubled its rate of ordinary dividend from 5 per cent in the preceding half-year to 10 per cent now, the Chitabalsah has increased its rate from 10 to 12½ per cent and the Presidency's rate has gone up by 50 per cent from 5 per cent to 7½ per cent.

Working results of the three Mills for the preceding three half-years are summarised below for a comparative study:

Alexandra Jute Mills, Ltd.

(In Rs. lakhs)

Half-year ended	Dec. 1953	June 1954	Dec. 1954
Sales ..	56.40	45.89	79.40
Stocks ..	4.32	7.29	8.99
Salaries and wages ..	10.71	9.32	13.47
Profit* ..	3.27	0.26	5.61
Provision for taxation ..	..	..	0.85
Provision for depreciation ..	1.60	1.15	1.92
Reserve for machinery ..	..	..	4.40
Ordinary dividend rate (per cent per annum) ..	5	5	10

* After providing for depreciation and taxation.

Chitabalsah Jute Mills Co., Ltd.

(In Rs. lakhs)

Half-year ended	Dec. 1953	June 1954	Dec. 1954
Sales ..	68.51	66.13	71.05
Stocks ..	12.83	12.42	9.83
Salaries and wages ..	17.00	15.37	13.57
Profit ..	1.29	1.30	3.22
Provision for taxation ..	1.45	0.87	2.43
Provision for depreciation ..	1.35	1.02	1.16
Reserve for machinery ..	9.75	..	0.50
Ordinary dividend rate (per cent per annum) ..	10	10	12½

Presidency Jute Mills Co., Ltd.

(In Rs. lakhs)

Half-year ended	Dec. 1953	June 1954	Dec. 1954
Sales ..	41.78	34.17	56.39
Stocks ..	4.64	5.27	7.79
Cost of gunny ..	5.94	2.83	6.92
Manufacturing expenses ..	20.91	21.05	32.13
Salaries and wages ..	8.51	7.87	10.48
Profit* ..	3.32	0.29	3.17
Provision for taxation ..	..	..	1.70
Provision for depreciation ..	0.90	0.36	1.18
Reserve for machinery renewals ..	..	..	1.00
Ordinary dividend rate (per cent per annum) ..	5	5	7½

* After providing for depreciation and taxation.

THE INDIAN OVERSEAS BANK LTD.
MADRAS
(Incorporated in India)
Established 1937
Through a network of branches in India, Burma, Ceylon, Malaya & Thailand and our correspondents at all important commercial centres of the world, we are in a position to offer the most complete Banking Service to Businessmen and Manufacturers engaged in the export and import trades.
Paid-up Capital Rs. 49,19,675
Reserves Rs. 26,00,000
General Manager : Mr. C. P. Doraikannu

COMMODITY NEWS AND NOTES

CASHEWNUT INDUSTRY

There has been an all-round improvement in the working conditions of the cashewnut industry in India, according to reports received from the States concerned. An inquiry conducted by the Union Ministry of Labour revealed that more than 50,000 workers were employed in cashewnut factories.

Commenting on the conditions under which these labourers worked, the Spices Inquiry Committee had observed that, although certain amenities, like fans, light and drinking water, were provided under the Factories' Act, these were not found quite satisfactory in all the factories. Considering the nature of work involved in processing, the Committee considered it imperative that the standard of amenities available in these factories should be uniformly high. These observations were brought to the notice of the State Governments concerned through the Ministry of Labour.

According to the replies received, the Government of Travancore-Cochin has appointed an inspector of factories exclusively for the cashewnut industry, and there has since been considerable improvement in the enforcement of the Factories' Act relating to this industry.

COTTON FUTURES MARKETS

The Government of India, by a notification dated July 30, 1954, applied Section 15 of the Forward Contracts (Regulation) Act, 1952, to full-pressed, half-pressed or loose Indian cotton throughout India, except the State of Jammu and Kashmir. As a result, all transferable contracts for purchase or sale of Indian cotton entered into otherwise than between members of an Association recognised under the Act in this behalf or through or with such members became illegal. The recognition previously accorded by the Government of Bombay to the East India Cotton Association continued, however, to remain effective.

The Government of India has now accepted the main recommendation of the Forward Markets Commission that, in addition to the East India Cotton Association, Bombay, forward markets may be established in some other centres as well. It considers, however, that the establishment of new markets should be done gradually and as a result of experience gained in their working. It has decided accordingly that, to begin with, futures markets should be established at two other centres viz., Akola and Indore. While the East India Cotton Association, Bombay, will continue to provide hedging facilities in respect of Indian cotton generally, the Akola and Indore Associations will provide hedging facilities only for the locally grown varieties.

SECOND ESTIMATE OF GRAM

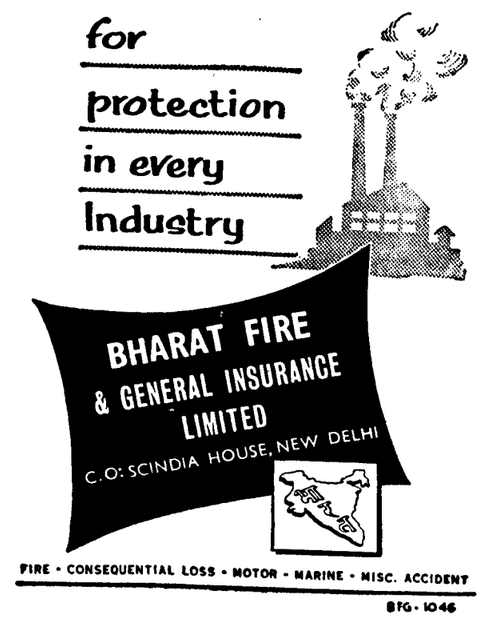
According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of gram for 1954-55 puts the current year's acreage and production at 19,577,000 acres and 4,559,000 tons, as against the previous year's adjusted second estimate of 18,229,000 acres and 4,095,000 tons respectively. This shows an increase of 1,348,000 acres or 7.4 per cent in area, and 464,000 tons or 11.3 per cent in production over the previous year.

The increase in acreage under gram crop during the current year has been shared mainly by PEPSU, Punjab, Rajasthan, Uttar Pradesh, Madhya Bharat, Bihar and Bombay, and has been attributed to favourable seasonal conditions at the time of sowing. The increase in production has also been shared mainly by PEPSU, Punjab, Bihar and Madhya Bharat, and is due partly to the increase in acreage and partly favourable weather during the growing period of the crop.

RAJASTHAN WOOL DEVELOPMENT

Estimated to entail an outlay of Rs. 3.8 crores, the Rajasthan Government has drawn up a wool development programme for inclusion in its second Plan. The object is primarily to raise production of this basic commodity from 21 million lbs. to over 25 million lbs. and thereby augment the State's exchequer by Rs. 1.20 crores per year. The development scheme for the wool industry in Rajasthan is stated to be very ambitious, covering all the aspects of sheep and wool industry, including breeding, extension research and technical education. State farms are also to be increased; so also community shearing and extension centres which would bring two million sheep under controlled breeding and raise the quantity of graded wool to six million lbs.

In view of the vital role played by the wool industry in Rajasthan's economy, the need for developing it to the maximum possible extent will be recognised. It should, nevertheless, be the aim of the State authorities to devise ways and means of increasing the consumption of wool within the State as well, specially because the gap between production and consumption has been considerably widening in recent years. Out of about 21 million lbs. of wool produced every year, hardly two million lbs. are estimated to be consumed within the State. Any scheme of development on rational lines must ensure that what is produced is made increasingly available for internal use. For this purpose, it is necessary to reduce the prices of the various types of wool products by modernising the present uneconomic methods of production. Indian wool is not only more costly than its foreign counterparts; the methods of dyeing and designing, weaving and finishing also need thorough improvement. There is also need for improving methods of grading as well as the facilities for marketing.





How banking helps the LEATHER INDUSTRY

INDIA produces more than 60 million hides and skins a year. Raw and tanned leather forms her fourth largest export, valued at Rs. 24.38 crores during 1953/54. The bulk of the shipments of leather are made from Madras. Around Madras, too, is a growing industry of mass-produced footwear.

Banking has greatly helped the growth of the leather 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 leather industry.

We at Palai are proud that so many firms in the leather industry, 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—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 25 branches are strategically located, 23 in important South Indian business centres and 2 in Delhi and New Delhi; and we have correspondents in all important Indian cities. We offer a 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.

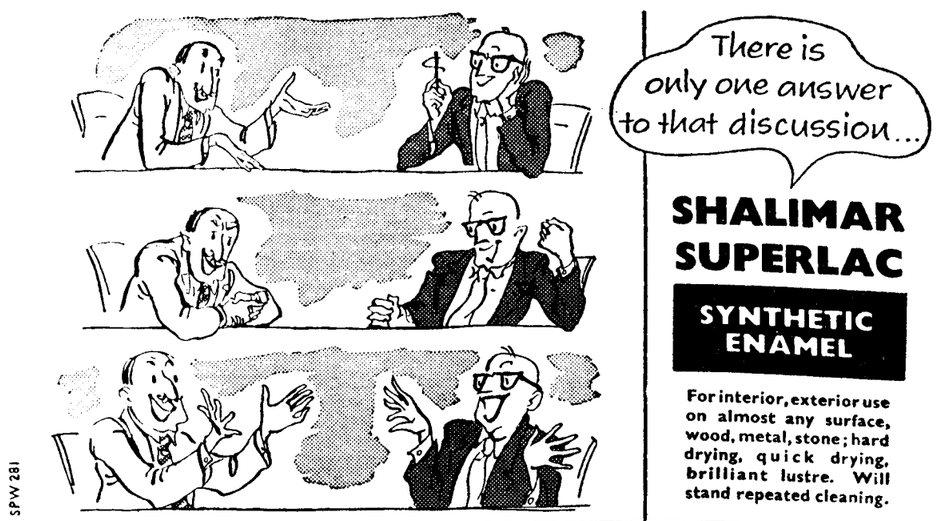
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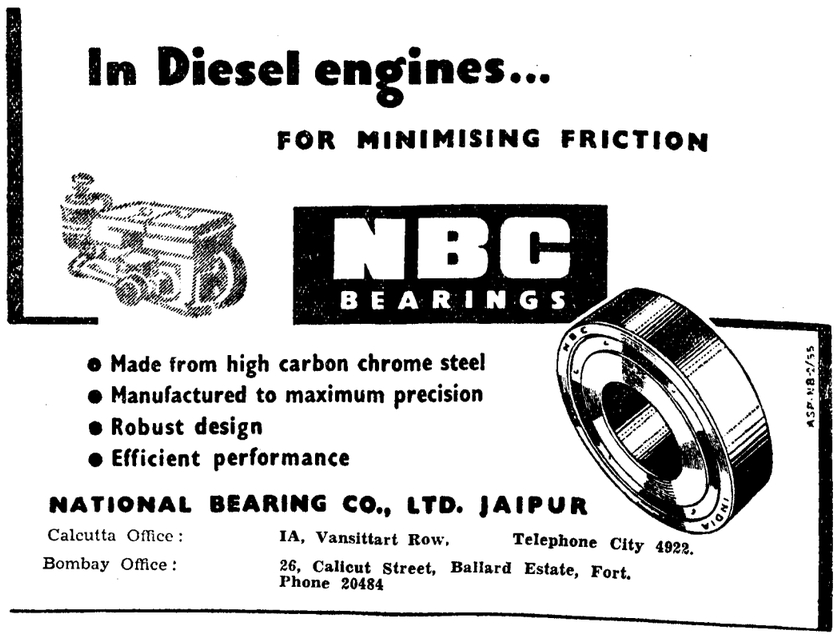
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Branches at: Madras, Madurai, Cochin, Quilon, Trivandrum, Alleppey, Mangalore, Bangalore, etc. *Also at:* Delhi & New Delhi.

A LEADING BANK IN SOUTH 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	414.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
June 1954 ..	343.2	441.0	355.6	378.7	647.3	381.6	90.8	100.9	88.5	106.9
July ,, c ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
Week Ending										
2-4-1955 ..	295.3	403.4	329.5*	376.1*	546.7	350.6*	90.6	100.6	87.5	115.6
9-4-1955 ..	286.4	400.4*	326.9	376.1	543.0	346.4*	90.5	100.6	87.3	115.8
16-4-1955 ..	282.4	396.9	327.7	375.3	539.8	344.2	90.5	100.6	87.3	115.7
23-4-1955 ..	279.7	392.9	327.0	375.5	538.6	342.4	90.5	100.6	87.6	115.1
30-4-1955 ..	274.9	393.1	328.5	374.4	537.9	340.6	90.6	100.6	87.8	114.7

†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	Jubbulpur†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	3.2	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	—	—	333	141	136	—
February	328	345	207	128	310	384	—	—	326	—	135	—
March	—	—	—	127	—	—	—	—	321	—	—	—
April	—	—	—	—	—	—	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	14-5-1955			7-5-1955			30-4-1955			23-4-1955		
week-ended	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93-15	88-15	92- 1	97-15	94-14	96- 5	98-13	96-10	97-11	97- 5	96- 2	96-6
Silver (per 100 fine tolas)	167- 2	161- 3	164- 4	168-13	167- 2	168- 5	171- 2	169- 5	170- 0	169- 1	166- 5	167-9

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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September ,,	1,152.24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56 33	104,27	426,14	1,226,53
February ,,	1,239.39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54 41	101,74	485,44	1,287,58
Week Ending										
1-4-1955	1,291.59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1 302,84
8-4-1955	1,322 77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1 316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105,84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533 71	1,339,80

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23.22	9,46	123,31	1,78	19,84	81,58	7,61
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September ,,	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,45	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32,01	196,45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21
15-4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33.94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33.46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50,09	23,21	47,24	22,08	142,63	34,01	186,64	10,64	12,02	53,76†	80	40,49	41,48	27,44

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

ESTIMATES OF NATIONAL INCOME

NATIONAL INCOME BY INDUSTRIAL ORIGIN

Current prices
In Rs. abja*

	1953-54†	1952-53	1951-52	1950-51	1949-50	1948-49
Agriculture						
1. Agriculture, animal husbandry and ancillary activities	52.9	46.9	48.8	47.8	43.8	41.6
2. Forestry	0.7	0.6	0.7	0.7	0.7	0.6
3. Fishery	0.4	0.4	0.4	0.4	0.4	0.3
4. Total of agriculture	54.0	47.9	49.9	48.9	44.9	42.5
Mining, manufacturing and hand-trades						
5. Mining	1.0	0.9	0.9	0.7	0.6	0.6
6. Factory establishments	7.3	7.0	6.9	5.5	5.4	5.5
7. Small enterprises	9.7	9.7	9.5	9.1	9.0	8.7
8. Total of mining, manufacturing and hand-trades	18.0	17.6	17.3	15.3	15.0	14.8
Commerce, transport and communication						
9. Communication (post, telegraph and telephone)	0.4	0.4	0.4	0.4	0.3	0.3
10. Railways	2.0	2.0	2.1	1.8	1.8	1.7
11. Organised banking and insurance	0.8	0.7	0.8	0.7	0.6	0.5
12. Other commerce and transport	14.8	14.7	14.6	14.0	13.9	13.5
13. Total of commerce, transport and communication	14.6	14.7	14.6	14.0	13.9	13.5
Other services						
14. Professions and liberal arts	5.4	5.2	5.0	4.7	4.5	4.3
15. Government services (administration)	4.9	4.6	4.5	4.3	4.1	4.0
16. Domestic service	1.4	1.3	1.4	1.3	1.2	1.2
17. House property	4.4	4.3	4.1	4.1	4.0	3.9
18. Total of other services	16.1	15.4	15.0	14.4	13.8	13.4
19. Net domestic product at factor cost	106.1	98.7	100.1	95.5	90.3	86.7
20. Net earned income from abroad	—0.1	—0.1	—0.2	—0.2	—0.2	—0.2
21. Net national output at factor cost = national income	106.0	98.6	99.9	95.3	90.1	86.5

*Abja = 100 crores = 10^9. †Preliminary.

NATIONAL INCOME BY INDUSTRIAL ORIGIN—PERCENTAGE DISTRIBUTION

	1953-54†	1952-53	1951-52	1950-51	1949-50	1948-49
Agriculture						
1. Agriculture, animal husbandry and ancillary activities	49.9	47.6	48.9	50.2	48.6	48.1
2. Forestry	0.6	0.6	0.7	0.7	0.8	0.7
3. Fishery	0.4	0.4	0.4	0.4	0.4	0.3
4. Total of agriculture	50.9	48.6	50.0	51.3	49.8	49.1
Mining, manufacturing and hand-trades						
5. Mining	0.9	0.9	0.9	0.7	0.7	0.7
6. Factory establishments	6.9	7.1	6.9	5.8	6.0	6.3
7. Small enterprises	9.2	9.8	9.5	9.6	10.0	10.1
8. Total of mining, manufacturing and hand-trades	17.0	17.8	17.3	16.1	16.7	17.1
Commerce, transport and communication						
9. Communication (post, telegraph and telephone)	0.4	0.4	0.4	0.4	0.3	0.3
10. Railways	1.9	2.0	2.1	1.9	2.0	2.0
11. Organised banking and insurance	0.7	0.7	0.8	0.7	0.7	0.6
12. Other commerce and transport	14.0	14.9	14.6	14.7	15.4	15.6
13. Total of commerce, transport and communication	17.0	18.0	17.9	17.7	18.4	18.5
Other services						
14. Professions and liberal arts	5.1	5.3	5.0	4.9	5.0	5.0
15. Government services (administration)	4.6	4.7	4.5	4.5	4.6	4.6
16. Domestic service	1.3	1.3	1.4	1.4	1.3	1.4
17. House property	4.2	4.4	4.1	4.3	4.4	4.5
18. Total of others services	15.2	15.7	15.0	15.1	15.3	15.5
19. Net domestic product at factor cost	100.1	100.1	100.2	100.2	100.2	100.2
20. Net earned income from abroad	—0.1	—0.1	—0.2	—0.2	—0.2	—0.2
21. Net national output at factor cost = national income	100.0	100.0	100.0	100.0	100.0	100.0

†Preliminary.

ESTIMATES OF NATIONAL INCOME—Continued

SHARE OF GOVERNMENT IN DOMESTIC PRODUCT AND EXPENDITURE

In Rs. abja*
Current prices

	1952-53	1951-52	1950-51	1949-50	1948-49
Government share in generation of net domestic product					
1. Net output of Government enterprises	3.1	3.2	2.9	2.7	2.4
2. Net output of government administration	4.6	4.5	4.3	4.1	4.0
3. Net output of the private sector	91.0	92.4	88.3	83.5	80.3
4. Net domestic product	98.7	100.1	95.5	90.3	86.7
Government share in national expenditure					
5. Government current expenditure on commodities and services (government administration)	6.0	5.8	5.6	5.4	6.4
6. Government administrative capital expenditure	1.2	1.1	1.0	1.2	1.0
7. Government enterprises capital expenditure	1.8	1.9	1.6	1.5	1.1
8. Net national expenditure at market price	103.8	105.8	100.3	94.6	90.6
Government draft on private income					
9. Direct taxes	2.5	2.4	2.3	2.2	2.4
10. Indirect taxes	4.6	5.3	4.3	3.9	3.6
11. Miscellaneous fees, etc.	1.0	1.0	1.1	1.0	0.9
12. Private income	99.4	100.3	95.7	90.5	87.0
Government capital formation and finance					
13. Surplus on current account and maintenance provision	1.7	2.8	1.9	1.6	0.1
14. Government borrowing at home	0.7	0.0	0.5	0.1	2.7
15. Government borrowing abroad	0.3	0.7	0.1	0.2	—2.2
16. Extra-budgetary receipts and adjustment for cash balances	0.3	—0.5	0.2	0.8	1.5
17. Gross capital formation on government account	3.0	3.0	2.7	2.7	2.1

*Abja = 100 crores = 10^{9}.

SHARE OF GOVERNMENT IN DOMESTIC PRODUCT AND EXPENDITURE —PERCENTAGE DISTRIBUTION

	1952-53	1951-52	1950-51	1949-50	1948-49
Government share in generation of net domestic product					
1. Net output of Government enterprises	3.1	3.2	3.0	3.0	2.8
2. Net output of government administration	4.7	4.5	4.5	4.5	4.6
3. Net output of the private sector	92.2	92.3	92.5	92.5	92.6
4. Net domestic product	100.0	100.0	100.0	100.0	100.0
Government share in national expenditure					
5. Government current expenditure on commodities and services (government administration)	5.8	5.5	5.6	5.7	7.1
6. Government administrative capital expenditure	1.2	1.0	1.0	1.3	1.1
7. Government enterprises capital expenditure	1.7	1.8	1.6	1.6	1.2
8. Net national expenditure at market price	100.0	100.0	100.0	100.0	100.0
Government draft on private income					
9. Direct taxes	2.5	3.4	2.4	2.4	2.8
10. Indirect taxes	4.6	5.3	4.5	4.3	4.1
11. Miscellaneous fees, etc.	1.0	1.0	1.1	1.1	1.0
12. Private income	100.0	100.0	100.0	100.0	100.0

ESTIMATES OF NATIONAL INCOME—Continued

NATIONAL ECONOMY AND THE REST OF THE WORLD

In Rs. abja*
Current prices

	1952-53	1951-52	1950-51	1949-50	1948-49
Exports and imports in relation to net national product gross of imports					
1. Exports of commodities and services	7.4	8.6	7.6	6.3	5.7
2. Imports of commodities and services	6.8	10.3	6.9	6.7	8.0
3. Net national product gross of imports of commodities and services	105.4	110.2	102.2	96.8	94.5
Receipts from abroad in relation to net domestic product					
4. Net earned income from abroad	—0.1	—0.2	—0.2	—0.2	—0.2
5. Net donations from abroad	0.3	0.2	0.1	0.1	0.1
6. Net domestic products	98.7	100.1	95.5	90.3	86.7
Financing of import surplus					
7. Private long term borrowing	—0.1	—0.0	—0.1	—0.1	—0.2
8. Other long term borrowing (official and banking institutions)	0.3	1.0	0.0	0.2	—2.2
9. Short term borrowing (balancing short term capital movement)†	—1.0	0.7	—0.5	0.4	4.8
10. Net borrowing	—0.8‡	1.7	—0.6	0.5	2.4
11. Import surplus (commodities and services)	—0.6	1.7	—0.7	0.4	2.3
12. Other items on current account (net)	—0.2	0.0	0.1	0.1	0.1
13 Net deficit on current account=net borrowing	—0.8‡	1.7	—0.6	0.5	2.4

*Abja = 100 crores = 10^{9}. †Including errors and omiss
‡Actual figure Rs. 74 crores.

NATIONAL ECONOMY AND THE REST OF THE WORLD—PERCENTAGE

	1952-53	1951-52	1950-51	1949-50	1948-49
Exports in relation to net national product gross of imports					
1. Exports of commidities and services	7.0	7.8	7.4	6.5	6.0
2. Imports of commodities and services	6.5	9.3	6.8	6.9	8.5
3. Net national products gross of imports of commodities and services	100.0	100.0	100.0	100.0	100.0
Receipts from abroad in relation to net domestic product					
4. Net earned income from abroad	—0.1	—0.2	—0.2	—0.2	—0.2
5. Net donations from abroad	0.3	0.2	0.1	0.1	0.1
6. Net domestic product	100.0	100.0	100.0	100.0	100.0

RELATIONSHIP BETWEEN NATIONAL INCOME AND SOME OTHER MAIN AGGREGATES OF INCOME AND PRODUCT

(In Rs. abja*)
Current Prices

	1952-53	1951-52	1950-51	1949-50	194
1. Net domestic product at factor cost	98.7	100.1	95.5	90.3	8(
2. Earned income from abroad	—0.1	—0.2	—0.2	—0.2	—
3. Net national product at factor cost-National income	98.6	99.9	95.3	90.1	8
4. Indirect taxes including miscellaneous fees	5.6	6.3	5.4	4.9	
5. Less subsidies	—0.4	—0.4	—0.4	—0.4	—
6. Net national product at market price	103.8	105.8	100.3	94.6	9(
7. Net domestic product at fact cost	98.7	100.1	95.5	90.3	8
8. Less income from domestic product accruing to government	—0.6	—0.8	—0.7	—0.6	—
9. Income from domestic product accruing to private sector	98.1	99.3	94.8	89.7	8
10. National debt interest	0.4	0.4	0.4	0.5	
11. Earned income from abroad	—0.1	—0.2	—0.2	—0.2	—
12. Transfer payments	0.7	0.6	0.6	0.4	
13. Net donations from abroad	0.3	0.2	0.1	0.1	
14. Private income	99.4	100.3	95.7	90.5	8

Source: Estimates of National Income 1948-49 to 1953-54, March 1955. Central Statistical Organization.

JUTE STATISTICS

JUTE CROP FORECASTS
(Government of India & East Bengal)

	Prelim. Area (000 acres	Final Forecast		
		Area (000 acres)	Crop (000 bales)	Bales per acre
1951-52 Total	36.59	37.30	110.09	2.95
East Bengal	18.69	17.79	63.31	3.56
West Bengal	7.5	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	56.32	2.88
East Bengal	7.89	7.60	25.03	3.29
West Bengal	5.89	5.50	15.36	2.79
Rest of India	6.85	6.46	15.93	2.46
1954-55 Total	26.38	24.23	58.61	2.42
East Bengal	13.04	11.50	27.01	2.35
West Bengal	5.84	5.48	14.65	2.67
Rest of India	7.50	7.25	16.88	2.33

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 ..	3,724	11,428	3.07
1953-54 ..	1,956	5,631	2.88

SUPPLY AND DISTRIBUTION OF JUTE
1953-54 & 1954-55

Supply	1953-54 lakh bales	1954-55 lakh bales.
OPENING STOCKS :-		
I. J. M. A. Mills godown stocks		
a. West Bengal Mills ..	11.20	108.9
b. Mills outside West Bengal (estimate) ..	2.42	0.43
Indian Carry Forward (estimate)	2.13*E*	7.00
Pakistan Carry Forward (estimate) ..	0.43*E*	15.00
	16.18	33.32
Indian Union Jute crop (trade estimate) ..	31.28	35.00
Pakistan crop (Trade estimate)		46.00
Indian Union Mesta crop (trade estimate) ..	15.06*R*	7.00
Total Supply ..	62.52	121.32
DISTRIBUTION :-		
Mill Consumption :-		
1. I. J. M. A. Mills estimate ..	50.32*E*	58.30
2. Outside Mills estimate ..	1.97*E*	2.04
	52.29	60.34
Indian Domestic Consumption (estimate) ..	1.06*E*	1.00
Pakistan Exports Overseas (estimate) ..	..	35.00
Pakistan Domestic Consumption (estimate) ..	..	7.00
Total Distribution ..	53.29	103.34
Carry over at end of season ..	12.25	17.98

(E) Estimated.
(R) Revised.

WEEKLY PRICES OF JUTE AND GUNNIES

DATE	Naraingunj		Calcutta				GUNNIES	
	Jute: Mill		JUTE				Hessian 40"10 oz. (Ready)	Sackings B. Twill (Ready)
			Assam		Pak. Jute			
	Middle	Bottom	Middle	Bottom	Middle	Bottom		
	Rs. per md.		Rs. per md.		Rs. per md.		Rs. per 100 yds.	Rs. per 100 bags
1954	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A	Rs. A.	Rs. A.	Rs. A
1st March ..	23 0	20 0	28 0	25 0	31 8	27 8	44 14	108 10
9th ,, ..	23 0	20 0	28 8	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
1955								
1st November ..	— —	— —	30 0	27 0	34 0	30 0	45 9	117 8
8th ,, ..	25 0	22 0	31 8	28 8	35 8	31 8	46 4	120 10
15th ,, ..	25 8	22 8	31 0	28 0	35 8	31 8	46 0	120 8
22nd ,, ..	25 8	22 8	32 0	29 0	36 0	32 0	45 9	124 10
29th ,, ..	25 8	22 8	34 0	31 0	37 0	33 0	45 8	128 0
6th December ..	26 0	23 0	33 8	30 8	37 0	33 0	45 0	125 0
13th ,, ..	26 0	23 0	32 8	29 8	36 8	32 8	44 0	117 14
20th ,, ..	24 0	21 0	32 8	29 8	36 8	32 8	43 12	117 2
27th ,, ..	24 0	21 0	32 8	29 0	36 0	32 0	43 8	116 10
3rd January ..	24 0	21 0	33 8	30 8	37 0	33 0	44 2	120 8
10th ,, ..	25 8	22 8	36 8	33 8	39 0	35 0	45 9	122 4
17th ,, ..	26 8	23 8	37 0	34 0	41 0	37 0	46 10	125 2
24th ,, ..	26 8	23 8	38 8	35 8	42 0	38 0	47 0	123 12
31th ,, ..	26 8	23 8	38 0	35 0	42 0	38 0	46 14	123 4
1954-55								
7th February ..	27 0	24 0	41 8	38 8	45 0	41 0	47 14	130 10
14th ,, ..	27 0	24 0	42 8	39 8	46 0	42 0	48 4	133 10
21st ,, ..	26 8	23 8	41 0	38 0	45 0	41 0	47 0	129 4
28th ,, ..	26 0	23 0	40 8	37 8	44 0	40 0	46 5	128 0
7th March ..	— —	— —	40 8	37 8	44 0	40 0	46 12	132 0
14th ,, ..	25 8	22 8	39 0	36 0	42 8	38 8	45 5	129 4
21st ,, ..	23 8	20 8	36 8	33 8	40 0	36 0	44 9	127 8
28th ,, ..	23 8	20 0	36 0	33 0	39 8	35 8	45 4	128 14
Highest, March 1955 ..	— —	— —	40 8	37 8	44 0	40 0	46 12	132 0
Lowest, March 1955 ..	— —	— —	34 8	31 0	38 8	34 8	43 14	128 0

INDUSTRIAL PRODUCTION IN INDIA

(Monthly averages or calendar months)

Item	Unit	Latest Installed Capacity	1952	1953	1954	1954				1955
						September	October	November	December	January
Coal ..	'000 tons	..	3019	2987	3,067	3171	2921	3323	3,503	3,153
Sugar ..	,,	113.1	124.5	108.6	90.5	4.7	7.1	65 4	250.5	333.1
Tea ..	Lakh lbs	..	512.1	504.8	53.1	100.4	94.7	60.8	21.3	8.2
Cigarettes ..	Lakhs	20208	16766	16528	17,195	18180	17590	17400	15770	..
Cotton yarn ..	,, lbs	..	1208	1255	1,303	1310	1230	1350	1,430	1,350
Cotton cloth ..	,, yds	..	3832	4,065	4,167	4120	3790	4210	4,510	4,370
Jute ..	'000 tons	..	79.3	72 4	77.3	79.0	75.1	88.6	94.0	83.9
Woollen Manufactures	,, lbs	1667	1382	1,604	1,563	1749	1705	1825	1680	2,027
Plywood ..	,, sq. ft.	12000	7545	5100	6,424	6172	6567	7658	8,273	..
Paper & Paper Boards	Tons	14475	11459	11642	12,944	12997	13981	15035	16,537	..
Sulphuric Acid ..	,,	16135	8007	9091	12,401	13058	13543	12610	13660	..
Caustic Soda ..	,,	3471	1422	1909	2,429	2599	2603	2644	2667	..
Soda Ash ..	,,	5100	3694	4739	4,024	3331	4338	3497	5,258	5948
Chlorine Liquid ..	,,	1529	520	678	815	932	971	854	890	..
Bleaching Powder ..	,,	650	66	162	244	251	209	296	202	215
Bichromates ..	,,	493	122	209	270	266	284	317	281	..
Superphosphates ..	,,	17573	3888	4025	8719	8185	8615	8053	8600	..
Ammonium Sulphate ..	,,	35571	18359	26,635	28,324	32326	36579	29646	35,625	..
Paints and Varnishes ..	,,	5400	2831	2671	2,913	2730	2998	2842	2916	..
Matches (cases)† ..	Thousand	58.8	51.6	49.2	45.0	49.5	48.9	48.5	50.1	..
Sheet glass (sq.ft.) ..	,,	8440	753.6	1898.9	2759.4	3777.0	4356.4	4803.4	5233.9	..
Cement ..	,, tons	370.3	294.8	315.0	366.1	361.5	372.3	368.5	398.1	375.9
Refractories ..	,,	27.5	20.3	19.0	19.4	18.4	17.8	20.4	21.0	..
Pig-Iron ..	,,	185.1	140.4	137.9	149.4	140.6	151.7	155.1	162.0	155.7
Steel Ingots and Metal for Castings ..	,,	128.5	131.5	125.6	140.4	133.1	143.2	145.6	152.8	157.4
Aluminium ..	Tons	584.0	297.2	313.2	407.2	567.0	498.6	465.8	488.4	486.2
Copper ..	,,	600.0	506.6	410.0	597.6	605.0	665.0	610 0	612.0	336.0
Lead ..	,,	500.0	94.3	141.2	149.0	94.5	77.5	200.0	240.0	225.0
Hurricane Lanterns ..	Thousand	381.9	293.6	359.4	401.7	420.9	259.1	433.6	223.3	..
Enamel-ware (pieces) ..	,,	2500.0	640.9	790.3	1193.6	1143.2	1215.1	1361.9	1247.2	..
Diesel Engines ..	Nos.	1097	354	310	721	718	640	876	1,047	..
Sewing Machines § ..	,,	3458	4170	5202	6685	6166	3896	7146	8,130	6,428
Machine tools (value) ..	'000 Rs.	..	369.8	367.3	417.9	409.7	414.7	291.5	552.6	..
Dry Cells ..	Lakh	184.6	108.5	123.7	123.9	110.9	86.6	108.5	103.1	103.1
Storage Batteries ..	Thousand	24.7	13.2	14 7	15.7	14.9	13.1	18 2	20.7	16.6
Electric Motors ..	,, H.P.	16.7	13.1	13.5	15.6	16.0	13.8	16.2	20.1	17.8
Power transformers ..	'000 K.V.A.	27.3	17 9	25.7	33 2	39.3	28.6	35.5	42.8	..
Electric lamps ..	Thousand	2433.3	1740.0	1647.3	1923.0	2089.2	1594.2	2170.5	2198.3	1918.4
Electric Fans ..	,,	25.3	16.3	16.6	18.7	16.1	13.3	20.8	24.2	22.1
Bicycles ..	Nos.	36458	16413	22014	29311	28785	26972	421.13	..	..

† *50 gross boxes of 60 sticks each.*

§ Installed capacity calculated for a single shift working, while one of the two units has been working more than one shift.

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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.)**

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The Eastern Economist

VOL. XXIV. NO. 21. NEW DELHI: MAY 27, 1955. ONE RUPEE

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Public Relations: A Categorical Imperative

THE meetings of the Import and Export Advisory Councils held in New Delhi on Saturday and Sunday this week have been useful in assuring business men that there is at least one Ministry in New Delhi which is not today divorced entirely from business realities. At a time when Mahalanobian doctrines have spread confusion, and planning has reduced itself to arbitrary statistics on rates of capital formation or taxable capacity, it is good to see practical affairs discussed with an understanding and sympathy which business men now have ceased to expect from many high quarters in the Government of India. Temporarily at least, the Ministry of Finance has lost contact with the business world. It was greatly to be feared

that the Minister of Commerce and Industry under the new political climate might indulge in similar forms of statistical escape. Saturday and Sunday this week showed that this was not the case. The Minister of Commerce and Industry attended both meetings although he presided at neither; he showed himself a master of technical detail to a degree which surprised many newcomers to the Councils, and, indeed was, particularly in view of the recent change of the political climate, even a welcome reassurance to the old.

It is true that this display of sound practical sense combined with imagination does not, in the area of import and export policy, today have the wide significance it had five years ago. Both import and export policies are running on stable keels, very different from the open and shut policy which followed immediately after Independence. It may possibly be contended that, so far as import policy is concerned, regulation is still excessive in so far as it is directed towards conservation of foreign exchange. But there are no major principles involved. It has now become common ground that for purposes of production, provided quality and quantity are satisfactory, restriction of imports is wholly justified. With slight differences remaining on the volume of liberalisation which is proper to each commodity, one might also say that differences on the volume of imports are marginal. Both the public and private sectors in the Import and Export Councils are working in unison and stroking well together.

The question now arises why, if it is possible for such team-work to be established between the private and public sectors as is seen in the meetings of these Councils, the same spirit of free democratic debate and mutual appreciation should not enter into the determination of other aspects of economic policy. The business community which is flattered, sometimes unduly, by consultation, feels resentful that major decisions of policy connected with the second Five-Year Plan are being taken, so to speak, behind its back. It is not as if the public sector has such abundant knowledge of the physical organisation of production that it can afford thus lightly to disregard expert knowledge which exists elsewhere. But even if it had such knowledge, as it is becoming clear that the Ministry of Commerce and Industry possesses on trade matters, the method of consultation, however formal in purpose, can be usefully employed in securing co-operation in implementation. The major lesson to be learnt from the meetings on Saturday and Sunday was to be found, paradoxically, in this intangible sphere of public relations.

The place of public relations in the field of industry and commerce has been very imperfectly appreciated in India in recent years. One hears long lectures from political leaders on human relations whenever the problem is one of cajoling or understanding labour. Curiously, most of the Ministers who talk about human relations seem to think it quite unnecessary that elevated figures in the public sector should recognise the importance of the human and sympathetic approach in dealing with managers, large and small, in the private sector. The truth is that there is even greater need for understanding in this case, and that the dividends which the country as a whole will gain are much greater where the assistance and co-operation of persons of influence and capacity can be secured. It is quite amazing how persons who assert that they are keen on production are unmindful of the fact that employers are also human beings with normal reactions. No one need contend that differences between the members of business houses and the Ministry of Commerce and Industry are not in many cases great and even growing. But there is today no sullen resentment between the business community as a whole and this Ministry. This is a tribute as much to the skill and capacity of the Ministry of Commerce and Industry and to the quite remarkable capacity of its senior officers as to the fact that opportunities are constantly made available for frank, collective discussion and not infrequently for free personal exchanges as between equals. In many other Ministries, notably the Ministry of Finance, there has been in the last year the most serious deterioration in the relations between the Ministry and the business community. It is not that the Ministry of Finance has an attitude towards taxation which is rigid and is in parts completely out of touch with realities on tax collection. The fault lies largely with personal relations and the very meagre opportunities which exist for discussion. The Finance Ministry might well take a leaf out of the practice in the Ministry of Commerce and Industry and constitute two or three Advisory Councils which should meet twice or thrice a year with the Minister of Finance in the chair to hear grievances to which he has recently made himself largely inaccessible.

On the face of it, the need for the public sector to woo the private sector might not now look large. It is quite true that the public sector has all the political power that it needs and, for the present, it commands far greater financial resources. It is plausible to suppose that, with both power and money, economic organisation can be bought or commanded. Therefore, the need for public relations in the democratic sense is pro tanto reduced. This is a grievous error. In the first place to work with an unresponsive instrument is always a costly process. Secondly, it is not as if all services can be bought. In the whole process of preparation there is a great deal of honorary, and even specialised, work to be performed which cannot be obtained merely by command or by payment. The theory that every commodity or service has a price is true neither for the public nor the private sector. The enthusiasm of the private sector is in any case not for sale. With taxation at its present levels, there is also no price at which some of it can be bought.

It is wise policy in any case not to make enemies of possible friends; this alone should modify the Government of India's rough handling of the business community in recent months even if it does not change Government policies. The velvet glove is better than the arrogant gauntlet. This week the Finance Minister of India in an announcement which must be considered woefully timed, shows himself to be anxious to place a sword between the sectors. This is only one additional instance of the extent to which blindness in the public sector is adding to the country's difficulties. The private sector has its own failings which may or may not be greater than those of the public sector. But surely this is the time not for counting failings but for the closing of our ranks in order to achieve the goals which are now being set before the country. Divide et Impera was expedient policy for a foreign government. It is a disastrous form of national leadership. For all divisions reduce the strength of the country.

The Congress Party does not need to divide in order to rule. It is ruling in any case. To divide the nation is merely to hit at the prospects of progress. For a foreign government this is a price worth paying for survival. Can the Finance Minister claim that this is a sound patriotic policy for a national administration?

Surcharge with Discrimination

AN issue of vital import to the Indian shipping industry which, in the ultimate analysis, seriously threatens to impede the country's economic progress, has been brought to the fore following last week's meeting, in New Delhi, of the Import and Export Advisory Councils. As a direct result of the "go-slow" tactics of dockyard labour in Calcutta and Bombay, the continued existence of indiscipline among the labour force at almost all ports, and the consequential delay in the turnover of ships, certain foreign freight conferences have announced their decision to impose outward freight surcharges, ranging from 25 per cent to 35 per cent, on cargoes handled at the ports of Calcutta, Bombay and Madras, from June 1. There is no doubt that the competitive position of Indian goods in international markets would be gravely jeopardised, should the decision be implemented. In answer to this threat, the Union Minister for Commerce and Industry, Mr. T. T. Krishnamachari, told the Import Advisory Council that any shipping line that raised its surcharge would not be allowed to touch Indian ports and that, if the threat materialised, "we could go without imports for some time from these countries" and that arrangements would be made for imports from countries whose ships would not resort to such surcharges. "If they do not want business from India", he added, "let them not have business from India". There is little doubt that Mr. Krishnamachari meant business when he uttered this counter-threat. Indeed, this country should not, under any circumstance, allow itself to be browbeaten by the "calculated attempt" on the part of foreign shipping lines to dictate their terms to the Government of India. That Mr. Krishnamachari's threat of retaliation seems to have had the desired result is apparently evident from latest press reports that the foreign shipping companies concerned are likely to revise their earlier decision.

Strikes and other manifestations of labour unrest are by no means peculiar to India. Even as these lines are being written, news is to hand of a strike by as many as 20,000 dockers at five of Britain's largest ports, including London and Liverpool. Such labour troubles and consequent hold-up of cargoes are not uncommon occurrences either in British or Continental ports. And yet why is it that the shipping companies affected have always refrained from imposing surcharges in respect of cargoes consigned to or from those ports? Why should India be singled out for such punitive action? There is a strong feeling in this country against such discrimination on the part of foreign shipping interests which have all along been plying a very lucrative trade with India. In this light, therefore, Mr. Krishnamachari's warning correctly reflects the intensity of public feeling against such wanton discrimination.

It has, however, been pointed out that the suggestion to close Indian ports to foreign ships might not be practicable, as India is bound by the convention on the international regime of maritime ports of 1923, under which access to and facilities of Indian ports have to be made available to foreign shipping. Mr. S. M. Haji has, in this connection, made the interesting suggestion that, instead of closing Indian ports to ships levying surcharge on freights from India, it would be better if the Government of India retaliated by levying a surcharge on tax on earnings of foreign shipping in the trades in this country. Such action, however, will only invite counter-action from the foreign countries involved and a vicious circle may be created.

We cannot, however, ignore the other side of the picture. Steps must be taken at once to set matters right in the ports, particularly of Bombay and Calcutta, where perpetual trouble in the docks is having an adverse effect on Indian imports and exports. Mr. D. M. Khatau and Dr. A. Ramaswamy Mudaliar, both accredited spokesmen of the shipping industry, have rightly pointed out that the crisis has been the result of reforms and regulations—probably good in themselves—which have been enforced by the Union Labour Ministry without being in a position to control or direct the labour situation in Indian ports. The decasualisation scheme adopted a couple of years ago in the teeth of opposition from shipping interests has led to results which the Government did not contemplate and to situations which authority has so far been unable to meet. Equally deplorable has been the effect of copying labour reforms adopted in the United Kingdom in disregard of difficulties involved in their application to Indian dock labour.

In the present difficult conditions of trading, with a buyers' market in evidence everywhere, the economic consequences of delayed shipments and prevention of shippers from meeting their contracts and delivering goods to importers in time cannot but be serious. The appalling increase in the idling time of ships has meant the need for more tonnage to carry the same quantum of cargo. If the crisis is to be resolved, two important factors have to be taken cognizance of: Steps must be taken to achieve a faster turn-round of ships; and effective machinery must be set up to settle disputes quickly. To fulfil these objectives, dock labourers must be made to feel that the shipping companies concerned will provide all reasonable amenities and adequate levels of wages. The Government, which has appointed a Committee to inquire into the Dock Workers' (Regulation of Employment) Schemes in Calcutta, Bombay and Madras, must set up a reasonable standard for all dock labour and urge enforcement of such standard in work, wages and amenities, both on the employers and workers. In order to tide over the immediate impasse, the Committee will also do well to prepare an interim report for immediate implementation by the contending parties.

The position of Indian shipping today is pitiable. While India's contribution to global trade is about 3 per cent, it hardly owns one half of 1 per cent of world tonnage, thus bringing the ratio to 6 : 1. The tonnage it employs in the overseas trade is hardly adequate to carry more than 6 per cent of its overseas trade, as against the well-recognised share of at least 50 per cent. The country's existing shipping companies are excluded from the membership of various conferences which control the routes between India and the U.K. and the Continent. Such non-admission and consequential inability of Indian ships to carry freight to the ports on these routes seriously affects the efficiency in earning capacity. All governmental assistance must be provided to enable Indian shipping to enjoy its legitimate share of 50 per cent of the trade emanating from and terminating in India. Most foreign countries have reserved to their national shipping a large proportion of the cargoes transported from and into their respective countries. There is, again, the cry for "freedom of the seas" raised by leading maritime powers to perpetuate their supremacy in world shipping. It should be noted that the Organisation for European Economic Co-operation has chosen to dub Flag Protection as Flag Discrimination. For a country such as ours, having 3,000 miles of vulnerable coastline, the importance of building up an adequate merchant marine, which could also serve as a second line of defence, cannot be too strongly emphasised.

Oil Prices

A REPORT on the price of oil in Western Europe prepared by the Secretariat, Economic Commission for Europe, in March 1955, has just reached India and is still in remarkably scarce supply. In Europe it has already led to charge and counter-charge and is the central theme of Sir Frederick Godber's Address as Chairman of the 'Shell' Transport and Trading Company Limited which appears elsewhere in this issue. It may appear at first sight that this debate is one concerned primarily with the oil industry only and both charge and counter-charge can be left to departments dealing with the oil companies and consumers of oil products. In point of fact, the debate is really a quite general one. In India it has been raised before in respect of the retention prices of steel. Quite simply, it is the problem of determining whether in any industry it is a legitimate means of financing development to charge higher prices on current transactions. This and no other is the issue raised by high oil prices.

It is arguable that there are not merely high oil prices generally, but there is quite a significant measure of differential exploitation in the charging of Gulf prices for all oils at whatever cost they are produced. There is no reason to question, for example, the statement on the dispersion of profit rates which occurs in the ECE's Report. It is the most forthright statement which has yet appeared on the subject and deserves to be repeated in full.

"In a competitive market, the margin between price and cost of production would not vary too widely between different producers or different centres. If in such a market wide variations in profit margins did exist at any moment, they would be expected to stimulate the growth of low-cost and the shrinkage of high-cost production until, in the long term, the disparities were eliminated. In the oil industry, however, such disparities are large and persistent, both as between the United States and other crude-oil-producing centres and within the United States itself.

"The major cause of this dispersion is the geological accident that the productivity of wells varies enormously from field to field and country to country. In the United States, average output per well in 1950 was only some 11.6 barrels a day or 31 barrels if stripper wells are excluded. In Venezuela, by contrast, the daily average was over 200 barrels and in the Middle East some 5,000 barrels, with production from some Kuwait wells rising as high as 9,000 barrels per day.

"The effects on relative costs of such differences in productivity are in some measure offset by differences in the cost of drilling wells. Drilling costs per foot in Venezuela appear to be over twice as high as in the United States and those in the Middle East cannot be much smaller. Moreover, the need to provide public service and ancillary facilities, which in developed countries are a charge on the State, before exploitation can begin, also helps to swell the costs of production in underdeveloped countries. Neither of these factors, however, does more than modify somewhat the enormous cost advantage which geological factors have conferred on the Middle East.

"It is unfortunately impossible to complement these somewhat qualitative indications by any systematic cost or profit comparisons. Published data are scanty and the comparability of the accounting conventions employed is frequently open to question. The average cost of producing crude oil in Bahrein was estimated to have been about 10 cents per barrel in 1945. Average costs for the United States as a whole in 1941 were some 76 cents per barrel and those for the East Coast region nearly $1.50. There can be no doubt that the present disparity between United States and Middle East costs exceeds the f.o.b. price differential."

That the oil companies, by the manner of charging prices, do prejudice to Asian and Western European consumers goes without question. On the other hand, so far as Asia is concerned, the question is whether the Continent as a whole is a net loser. These high profits obtained are not in the main distributed to shareholders who continue to receive high, but not excessive, dividends in relation to other risk ventures in this class. The profit differential goes to the swelling of the reserves of the oil companies for use in further development. There is only one question of principle involved, and that is whether this development should be financed by consumers of the product or by the governments and countries at large.

It is best to give an answer in the particular terms of India. Theoretically, it would make no difference if, instead of high retention prices, the Government of India gave to the oil companies loans as they are giving to Tata Iron and Steel Co. In practice, it makes all the difference in the world. In the first place, it is unthinkable that loans would be given without an enormous amount of haggling and much political debate in Parliament, deferring actual work by many years. Secondly, it would be physically impossible to undertake risks over long period under government or semi-government management without a public enquiry in which the Auditor-General of India would figure not a little. While, therefore, theoretically it makes no difference who finds the money needed, in actual practice, notwithstanding an expression of opinion to the contrary by the Finance Minister this week, it makes all the difference in the world.

At a time when Asia is benefiting by reason of the fact that major developments are taking place here, more even than in Canada, the question to be asked is not only what the oil companies take out but what they put in, or in the alternative the net amount that is drawn out of the country. So far as India is concerned, with the three refineries, two working and one projected, and the great extension of investment in distributing services necessary, the position is that the oil companies in recent years have put in all their profits into new investment.

India is a net beneficiary on this account. It is also right to say that the oil companies functioning in India have operated with an element of imagination and understanding which makes a claim of one of their number that they are in India's life and part of it a substantial reality.

To say that India is a net gainer by the activities of the oil companies is not to imply that oil prices at the present time are right either in terms of retention prices or final consumer prices. So far as the latter is concerned, the major profiteering beneficiary is the Government of India. So far as the former is concerned, no information of a sufficiently detailed character is yet available. The evidence adduced in the ECE Report would suggest that some reduction is possible. This case has been taken up for argument elsewhere. India can afford to look on while the great debate proceeds in Western Europe.

THE WEEK'S NOTES

GOA

GOAN AFFAIRS received increased interest last week with reports of Portuguese attacks on peaceful satyagrahis. This time some fifty Indians led by Senapati Bapat and N. G. Goray entered Goa. They returned with injuries. The Government and Parliament have expressed concern and an all-party parliamentary committee has been formed to mobilise public opinion. They called a national convention in Bombay on Saturday last. Sessions of the convention on Goa are also to be held later in the month at Calcutta and in Madras in June. The convention will demand that the Government's ban on the participation of Indian nationals be lifted and Indian satyagrahis be allowed to enter Goa freely and develop satyagraha within.

The hopes raised of a change in the Government's policy by official statements in Parliament were damped by a reported declaration of the Prime Minister that Government would not employ force. In the Bombay meetings of the convention and elsewhere, people have called for "police action" against the Portuguese settlements in India. This is clearly thoughtless, as any military action against Goa on the analogy of the Hyderabad police action would amount to international war, for the Portuguese authorities are representatives of a sovereign European nation unlike the Nizam. Having repudiated the way of war, it is difficult to see what "dynamic change" the Government is thinking of to resolve the long-standing stalemate, unless it be that they hope to get the Big-Four to put pressure on Portugal to relinquish her hold on her Indian possessions.

The only way in which pressure could be put upon Portugal is by letting the people of India organise satyagraha campaigns more systematically with the moral support of the Government. The Government could give world publicity to the movement and mobilise world support for the integration of Goa with the mother country. If the Government continues to prohibit Indian nationals from participating in the struggle for Goa and leaves the full burden of the freedom fight to Goans only, the moral claim of India for merger of Goa with her will be forfeited. If the Goans succeed on their own in throwing off the Portuguese yoke, they can claim logically to become an independent sovereign State and refuse to merge with India; not, of course, that they will do this. But can India just stand by?

INDOCTRINATION OF FOREIGNERS IN PEKING

THE GESTURE of Mr. Mazumder and eight other delegates of Indian Trade Unions to cut their stay in China short and return two weeks before schedule is of far-reaching significance. They had gone to attend the May Day celebrations in Peking. They stayed on to hold joint deliberations with other delegations and held four meetings on May 18 and 19. The New China News Agency report says that the meetings were attended by 213 delegates of 71 trade unions from Asian and African countries.

Mr. Mazumder of the Indian Sea-farer's Federation (who led the return) gives as the main reason for their unusual action the attempts of the Chinese to subject the delegates to a process of indoctrination. The speeches delivered at the meetings expressed support to the foreign policies of Russia and China to which they claimed the full support of the resolutions and spirit of the Asian and African Conference recently held at Bandung. They called for opposition to aggressive war, to colonialism and to atomic and hydrogen weapons. They called for the friendship of Asian and African nations with the Soviets and with China. The Chinese aimed at constituting a permanent committee of the Asian and African trade unions in liaison with the All-China Federation of Trade Unions. Mr. Mazumder felt that the whole move was intended to further the propaganda drive of the Cominform and his eight colleagues left the meeting and insisted on returning to India before the completion of the sessions.

Mr. Mazumder has not explained what particular type of indoctrination was sought to be imposed on the delegates. But its nature should be well known to most people by this time. It is to be hoped that many in political circles in the country will ponder on the implications of supporting the Moscow line even in such seemingly innocent proceedings as the peace conference.

It is significant that the suggestion of the names of Gandhi and Nehru in return for the toasting of Mao and Chou was opposed by the members of the Indian Trade Union Congress. As a compromise, "India's peace effort" was permitted without any names! This is a foretaste of the eradiction of national feelings and the complete subordination of national groups to the ideology and policy of Soviet Russia that obtains in the Communist bloc.

END OF AN EPISODE

THE JAGAT NARAIN episode has ended at long last, culminating in the vindication of the Minister's conduct. The Central Parliamentary Board has given its verdict, after painstaking and full sifting of the voluminous evidence made available in this unseemly controversy of charges and counter-charges, that no prima facie case whatsoever had been made out against him. A preliminary investigation made by the Congress President and Pandit Pant was followed by final exhaustive scrutiny by the Central Parliamentary Board. The solicitude shown by the Party in power to hold the principle of purity of ministerial conduct above his personality has been reflected in the procedure adopted and if it has involved a period of unusual mental strain for the Minister, his personal reputation as well as that of the Party has been enhanced.

Opponents have pointed a scornful finger at the procedure adopted and have claimed that a judicial enquiry alone would have commanded complete confidence in the final verdict. They have, however, not cared to accept equal standards for themselves. Their contention would have carried weight if they had discarded the cover of constitutional immunity and come out openly ready to take the legel consequences of their allegations. Parliamentary democracy will be hampered at frequent intervals if Ministers were to be hauled up for enquiries in response to allegations made by members of the legislature on flimsy grounds. This is not to suggest in the least that all criticism of ministerial actions ought to be supported by legal evidence. The right of criticism in the interest of high standards of public administration cannot be curbed. But the exercise of that right must be informed by a full sense of responsibility. It cannot be said that this sound rule of restraint was observed in this regrettable affair.

POLITICAL IMPASSE IN NEPAL

ATTEMPTS TO break the political deadlock in Nepal are being observed by the world outside with a feeling of sympathy, not unmixed with anxiety. King Mahendra who carries on his shoulders a burden of

diverse responsibilities is not in the same position as his illustrious father to command reverential allegiance to his lead. There cannot be the least doubt that the manner and direction in which he is seeking to give that lead through the present chaos are inspired by noble motives to subserve the highest interests of his country. Despite his drive and initiative demonstrated in a satisfactory measure, uncertainty about the future seems to loom large.

The questionnaire which he issued to elicit views on the shape of an effective solution out of the current stagnation brought replies which were anything but helpful. From an accusation that no honest and sincere efforts were ever made to give a fair trial to democracy in the country to a sermon on the desirability of forming a caretaker coalition government, a variety of opinions were expressed, but the common feature of them all was the total lack of a constructive proposal to replace the King's personal rule by a popular interim administration. The latest attempt to find an agreed solution through deliberations at the national convention has proved unfruitful. The four major parties (the Nepal Congress, the Nepal National Congress, the Rashtriya Praja Party and the Praja Parishad), which boycotted the convention on the flimsy ground of absence of a clear and positive purpose behind the convention, can hardly escape the charge of shirking responsibility in a delicate national situation. The convention, however, was attended by over 100 different groups or parties—a surprisingly large number for Nepal's population—but their participation amounted to nothing more than ventilation of grievances which are already known.

These grievances in brief are that the King's personal rule should be terminated expeditiously, a democratic administration should be set up, elections should be held without avoidable delay and the advisory council appointed by the King should be dissolved. As regards the last grievance, the choice of advisers has not been happy and it may be questioned whether it has added to the King's prestige which he built by a firm tackling of the situation soon after his accession. The dangers implicit in a prolongation of personal rule do not require to be emphasized. It needs to be recognized that general election must entail long preparation and time. There can be no short-cut to it in a country where it is a novel experiment. Meanwhile, political parties and leaders would do well to realise the urgent necessity of subordinating sectional and personal interests to national well-being. Without this pre-condition, it will not be possible to establish democratic administration.

COLONIALISM ON THE SEAS

THE 15TH Congress of the International Chamber of Commerce met on 18th May at Tokyo. At a meeting of its Transport Group Committee, a resolution was passed registering "profound concern" at the "continued increase of flag discrimination" by nations particularly in the form of measures restricting the routing of cargoes to ships carrying their own flags. A memorandum attached to the resolution cited the agreements which India has recently signed with Egypt, Czechoslovakia, Russia, Yugoslavia, Turkey and Roumania, providing all facilities to secure that ships of contracting parties carry as large a proportion as possible of goods exported or imported under the agreement.

The Indian representatives, Mr. R. E. Kumana, and Mr. B. P. Singh Roy, made a suitable rejoinder and opposed the resolution. They pointed out that these agreements of India with other nations did not constitute flag discrimination in any valid sense. Every free nation had the right and duty to safeguard the shipping rights of its nationals on the high seas and at the ports of other countries. They carried "the war to the enemy's territory" and pointed out that the national shipping of Western countries had many protective practices which amounted to flag discrimination against newcomers like the ships of India and other underdeveloped countries. Mr. Roy pointed out that the Charter framed at the Internatioal Maritime Conference of 1948 embodying a clause against flag discrimination was never ratified on account of the obstruction of the shipping companies of certain nations who were well entrenched in privilege who seem to say: "We have got settled down to this trade and we shall keep it at all costs and make it difficult for any other line to enter". Mr. Roy rebutted the charge that the carrying of Government cargo in national shipping could be included under flag discrimination and pointed out that even so the bulk of the Indian Government's cargo is as a matter of fact carried in non-national shipping. He also refuted the charge that India had shown discrimination in the matter of berthing facilities against certain nations. He said that the rule of "first come, first served" was strictly adhered to in Indian ports. When their ships arrive they are given berth facilities immediately as a matter of right, while other waiting ships continue to wait.

In a word, the existence of a conference with limited membership which limited the number of steamers which could ply for particular companies, which limited the sailings of certain other lines, Mr. Roy concluded, were all proof positive that the so-called "freedom of the seas" exists only in the imagination of certain people and not in the real world of commerce.

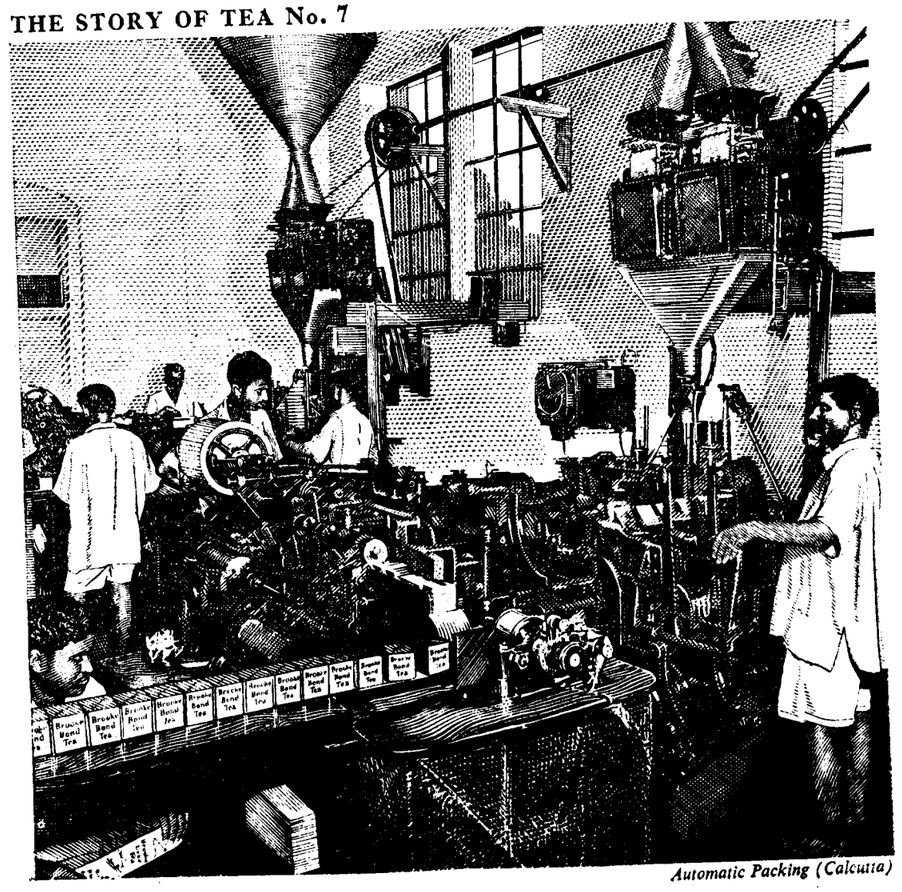
DEVELOPMENT OF COMMUNICATIONS

NO DOUBT, communication services of India have improved since Independence and this advance has been emphasized by Mr. Jagjivan Ram, Union Communications Minister, in a broadcast talk recently. Keeping in view the conditions which prevailed in August, 1947, the expansion of communication services may not be considered unsatisfactory, although there are still great shortcomings. The picture painted by the Communications Minister is bright and holds promises of even brighter future. The task of communication services in a country like India is not an easy one; it may be said to be well done if "a letter posted in Srinagar on Monday is delivered at Trivandrum on Tuesday afternoon" as the Minister has claimed. But the objective is to take "carriers of written and spoken words—the post office and the telegraph and telephone lines—near the remotest hamlets by the end of March, 1956."

Compared to the conditions during the British rule, it is no mean achievement that within eight years of independence the numbers of rural post offices have been increased from 18,121 to 41,000 which has brought postal services nearer to the people in rural areas. As a result of expansion in urban areas, a post office serves an area of 27 sq. miles as against 53 sq. miles in 1947. Besides, substantial progress has been made in external communications also and there are now 13 radio telegraph links along with facilities of radio telephone and radio-photo services. Expansion of internal telegraph and telephone services, nationalisation of air transport, development of meteorological services and production of telephone equipments, all speak well of the achievements of the authorities.

On the other hand, complaints about missing letters are numerous and more than ever before and so more careful attention should be given on these aspects. Quite often telegrams reach even after mails; here things are not getting better.

THE STORY OF TEA No. 7



Automatic Packing (Calcutta)

Untouched by hand...

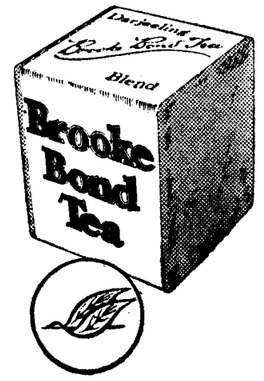
The blended tea is now ready for packing. In the packing room, the tea is fed into one end of the machine to emerge at the other in an unceasing flow, of neatly made packets.

The operation takes place in such clean surroundings that not a speck of dirt can enter the packet. The entire process is carried out automatically — untouched by hand. The packets are then carefully wrapped in parcels packed into cases and sealed.

Protectively and hygienically packed, in all its freshness, the tea is now ready for despatch to distributing centres.

Brooke Bond have thousands of acres of their own tea gardens—more than any other firm of tea distributors in the world.

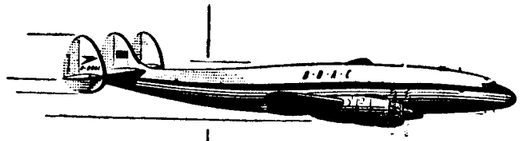
And Brooke Bond is the only tea firm with five blending and packing factories, each serving its own part of the country, from which fresh stocks are rushed to every shop.



Brooke Bond Tea

Fresher because delivered Quicker

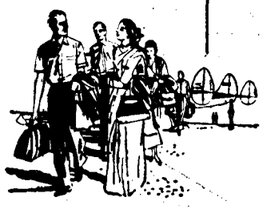
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BRITISH OVERSEAS AIRWAYS CORPORATION

WORLDGRAM

AGRICULTURE

Meeting of FAO Council in Rome: The Twenty-first Session of the FAO Council to be held in June in Rome will precede the Eighth Session of the FAO Conference to be held in November, 1955. Matters connected with the next Session of the Conference will, therefore, form the most important item of the agenda. The main issues for consideration under this head will be: World food and agriculture situation and commodity problems, Programme of work and budgets for 1956 and 1957, Expanded technical assistance programme, Scale of contributions, by member nations to FAO and Reports of 'Co-ordinating Committee' and 'Committee on Financial Control'. The Council will also consider certain aspects of current activities of the organisation, e.g., Plant Protection Agreement for South-East Asia and Pacific Region, participation of FAO in Conference on the peaceful uses of Atomic Energy.

*

Agricultural Development Programme for Second Five-Year Plan: Chief Commissioners, Chief Secretaries, Development Commissioners and Directors of Planning from various States held recently discussions on the development programme in the agricultural sector proposed for the second Five-Year Plan. They aimed to raise the index number of agricultural production to 135 in 1960-61 as against 96 in 1950-51 which would enable the country to provide 2,250 calories of food per capita per diem and 20 yards of cotton textiles per head. The discussion provided an opportunity to the Central Food and Agriculture Ministry to know in general the reactions of the States to various schemes, particularly those in which their participation is involved.

*

Popular Potato Variety in Nilgiris: Great Scot is the name of a popular variety of potato grown at Nanjanad on the Nilgiri Hills. Besides agronomic research on potato, the Nanjanad station has undertaken bench-terracing of the hill-slopes by bull-dozers. A research assistant of the Central Potato Research Institute, Patna, is working at the Nanjanad station on a co-ordinated scheme for potato development. Besides this, the Government of Madras has placed at the disposal of the Central Potato Research Institute three acres of the Nanjanad station farm for conducting agronomic experiments relating to potato.

*

Increased Production of Raw Cotton in Pakistan: The area under cotton in Pakistan in 1949-50 was 2.8 million acres and the quantity produced was 1.035 million bales. The estimates for 1954-55 place the acreage at 3.4 million and production at 1.225 million bales. Mill consumption of cotton has risen from 1,20,000 bales in 1949-50 to 600,000 bales in 1954. Pakistan recorded an average annual export of raw cotton of 966,000 bales for the period August 1, 1949 to July 31, 1954. Japan is a leading importer of Pakistan cotton, while U.K., China and Hong Kong are occasional buyers.

INDUSTRY

Second DDT Factory in India: The Government of India have decided to set up a second State-owned DDT factory near Alwaye in Travancore-Cochin State. The factory, which will have a capacity of about 1,400 tons of DDT per year, is estimated to cost about Rs. 75 lakhs. In addition to this, it has also been decided to double the capacity of the factory set up near Delhi with the assistance and technical collaboration of UNICEF and UNTAA. This factory has already gone into production and is expected to reach its rated capacity of 700 tons per year by the end of 1955. On expansion its capacity is expected to be 1,400 tons per year. With the doubling of the Delhi plant and the setting up of a second plant at Alwaye, a total capacity for the production of about 3,000 tons of DDT per year will be established in the country.

*

Prices of Automobile Spare Parts to be Reduced: The Government of India have decided that with effect from June 1, 1955, the "mark up" on the landed cost of fast-moving automobile spare parts should not exceed 70 per cent in fixing retail list prices. This means that fast-moving parts, that is parts in which the turn-over is quick, will be sold to consumers at a margin not exceeding 70 per cent of the landed cost. So far the retail prices have been 100 per cent or even more above the landed cost. The Government have also decided that retail price lists, for both fast and slow-moving parts, should be published by all manufacturers and importers. At present several firms publish only net dealer prices while some others continue to publish retail price lists also.

*

Italy's Musical Instruments Industry: String instruments viz: violons and violin cellos, double-bass and violas, guitars and mandolins, and wind instruments whether brass or wood are manufactured on a larger scale in Italy. Accordion is the most popular Italian instrument sold abroad. Its yearly exports average 180,000 accordions for a value of over 5,000 million lire. The main markets are Australia, South Africa, Brazil, Holland, France, Canada, Great Britain, India and New Zealand. There are about 20 industrially organized firms manufacturing pianos. Some 2,000 pionos are manufactured yearly for an average value of 6,00,000 million lire. Its factories are situated in the provinces of Lombardy, Pudmont and Tridentine Venetia.

*

China's Industrial Production: Sixteen new kinds of steel were turned out during the first quarter of 1955. The average output of steel per square metre of hearth was raised 15 per cent in the early months of 1955 compared with 1954. Output of pig iron per square metre of furnace went up by 35 per cent during the first two months of 1955 as compared with 1954. China's output of rolled steel in 1954 was 15.5 times as great as in 1949; steel was 13.5 times—the 1949 figure and pig iron 12 times. More than 2,000 new products were manufactured by China's machine building industry up to the end of March 1955. It is reported China's paper making industry this year will have a 9 per cent higher output as compared to 1954.

TRADE

Trade Between India and France in 1954: During the first eleven months of 1954 trade exchanges between France and India resulted in a trade balance of 6,014 million Francs in favour of France as the rising French exports to India amounted to 2,533,534 metric quintals valued at 16,894 million Francs while imports from India amounted only to 855,689 metric quintals valued at 4,879 million francs. A considerable rise was registered in the French exports of sugar and confectionary which increased to 585,128 metric quintals valued at 1,896 million Francs as against 552,006 metric quintals valued at 1,793 million Francs at the end of the first 10 months of the year.

*

Increase in Sweden's Foreign Trade in 1954: In the year 1954, the volume of Sweden's exports went up

by about 9 per cent and the volume of imports by 13 per cent, the increase in value being 8 per cent and 12 per cent respectively. The whole of Sweden's foreign trade remained on a high level during 1954 compared to 1953. The increase in exports was chiefly in connection with agricultural and mechanical engineering products, pulp, paper and board. Deliveries of ships in particular were bigger than in 1953. Exports of timber and iron ore did not, however, reach the level of 1953. The import surplus in 1954, amounted to 974 million kr. or practically double that of 1953 (504 million kr.), most of the trade deficit being registered during the latter half of the year. Imports reached on all time record of 9,194 million kr. as against 8,161 million kr. in 1953, while the value of exports went up from 7,657 million kr. to 8,220 million kr.

*

Trade Agreement Between Turkey and Japan: A new trade and payments agreement was signed by Japan and Turkey in February 1955, to be valid for one and one-half years from February 8, 1955, till the end of July 1956. It was agreed that the settlement which has hitherto been made through dollar cash and barter transactions, will be made on the basis of dollar open accounts, with a swing limit of $1.5 million. The new trade plan, covering the six-month period from February 8, until the end of July this year, will be balanced at $6,550,000 each way. In order to avoid excess exports to Turkey, the Japanese Government has decided to adopt a so-called "export right system" under which Japanese traders can export goods only upto the amount of their imports from Turkey.

FINANCE

National Plan Certificates: The Government of India have decided to raise the maximum limit of subscription to the National Plan Certificates with effect from May 10, 1955. In case of an individual the present limit of investment of Rs. 1,000 will be raised to Rs. 2,500 and in the case of two persons subscribing jointly the limit will be raised from Rs. 2,000 to Rs. 5,000. The certificates are issued in four denominations, namely Rs. 25, Rs. 50, Rs. 100 and Rs. 500 and mature after 10 years from the date of issue. A certificate of Rs. 25 will be redeemed for Rs. 36-4, one of Rs. 50 for Rs. 72-8, of Rs. 100 at Rs. 145 and of Rs. 500 at Rs. 725. If held to maturity these certificates will earn simple interest at 4½ per cent per annum. For the small nvestor this issue has also the advantage that the interest on it is free of income tax. The certificates are sold at all post offices having Savings Bank's Account throughout the country.

*

Canadian Budget 1955-56: A budget deficit of $12 million which may be increased to $160 million by reductions in taxation, designed to encourage business activity and promote employment was estimated for 1955-56. The total revenue was about $4,107 million for 1954-55, i.e. 8 per cent less than the forecast of a year earlier while total expenditure was about $4,255 million or 4½ per cent less than the forecast. Expenditure for defence was $1,700 million, although this was 8 per cent less than in 1953-54, it still constituted 40 per cent of total budget outlay. The budget deficit for 1954-55 was $148 million. After taking into account a net balance of $200 million available from non-budgetary transactions some $50 million was available for debt reduction. At existing rates, current account revenue was expected to rise from $4,107 million in 1954-55 to $4,350 million in 1955-56.

*

Increase in Deposits in Japan: According to the survey made by the Bank of Japan, private deposits in all financial institutions of the country increased 60,900 million yen in March, 1955, as compared with 21,000 million yen increase a year ago, owing mainly to big gains in bank deposits. Taking the past one year period ending March, the increase reached 763,000 million yen or 34,000 million yen more than the result attained in the previous one year, and exceeded by 9 per cent the 700,000 million yen target set for the year.

MISCELLANEOUS

Japanese Method of Bull-Trawling: Bull-trawling, the Japanese method of fishing, which was introduced by the Government of India last year for deep-sea fishing in Indian waters, is being continued in 1955. The most remarkable of this year's operations has been that the trawlers 'Ashok' and 'Pratap' landed in a single haul of 1½ hour's duration, a record catch of 12 tons of fish, practically all of which (nearly 11 tons) consisted of 'dara', which is much valued as a table fish particularly in Bombay. The total catch obtained in the entire voyage was 54 tons, and the average catch per hour of fishing came to about 2,058 lbs. (slightly less than a ton).

*

Technical Personnel for Second Five-Year Plan: To meet the requirements of technical personnel the Planning Commission has sorted out categories of personnel where critical shortages exist, on the basis of information received from its own Advisers and from the Central Ministries. So far as the river valley projects are concerned it had completed studies in regard to the requirements of health personnel and technical personnel in the field of engineering. Requirements of the engineering personnel in fields other than River Valley Projects, are also being studied. Personnel requirements according to various categories for the extension of the community projects and the National Extension Service has already been estimated and arrangements have been made for training so that the programmes undertaken in the second Plan may not be hampered on account of shortages of trained personnel. Very soon a fairly comprehensive picture not only of requirements of technical personnel but also of the steps to be taken for securing such personnel would be made available to the States.

*

Salk Polio Vaccine: The formula of the vaccine for poliomyelitis discovered by Dr. Jonas E. Salk of the University of Pittsburgh, has been received by India. The Government of India now would be taking up the manufacture of the vaccine in India. To execute the project the Indian workers will be sent to U.S.A. for training. Rhesus monkeys imported from India have played an important role in the development of the Vaccine. Until recently, their kidneys provided the only live tissue in which virus could grow. The Polio Research Centre in Bombay, financed by the Indian Council of Medical Research, has been working for several years on the problem and the data yielded by the research at the Centre was available to workers overseas.

*

Mechanisation of Indian Fishing Craft: The Government of India have procured a small number of semi-diesel engines under the Indo-U.S. technical assistance programme for the mechanisation of fishing craft in Saurashtra, Bombay, Travancore-Cochin and Orissa. The Saurashtra Government received five 15 H.P. and fifteen 20 H.P. semi-diesel engines which were fitted up in 20 newly-designed boats each of 9 to 10 tons, built of teak at a cost of Rs. 5,000. The boats were built in private yards at Satpati and Billimora in Bombay State in December 1954, after installation of engines, they were taken to Veraval (Saurashtra) under their own power. They made a trip of about 250 miles in approximately 33 hours at an average speed of 7.5 knots.

NEWS IN BRIEF

INDIAN

The Government of Italy have offered three scholarships tenable in Italy for a period of one year, 1955-56, to Indian nationals for research or postgraduate study in Agriculture, Engineering, Technology, Science and Art.

*

The Geological Division of the Damodar Valley Corporation have during their search and field work in 1953, discovered the location of gold in the Bihar Tertiary Gravel belt.

*

The annual requirements of dye-stuffs in the country according to current industrial needs are estimated at 22 million pounds. At the end of 1954, the total production capacity of units with purely Indian capital was about 1,187,500 lbs. of dye-stuffs.

*

The number of foreigners at present in India who enjoy diplomatic immunity or special privileges similar to those accorded to U.N. experts is 1,499. Of these, 333 are diplomats, 795 other staff of Diplomatic Missions, 179 Consular Officers, and 192 U.N. officials and experts.

*

About 832 families, comprising 3,421 East Bengal displaced persons, had been settled in the Andamans by the end of 1954. All these families had been allotted land for cultivation.

*

The Saurashtra Government proposes to start 13 more power houses in the State by the end of 1955, under the rural electrification scheme.

*

The Madhya Bharat Government has decided to invest Rs. 1 crore in buying wheat in such of the organized markets in the State where the price of standard quality falls below Rs. 10 per maund.

*

The Bombay Government has decided to set up a special intelligence branch to investigate the cases of manufacture and sale of spurious drugs.

*

The Government of India have decided to permit export of 5,000 tons of coconut oilcake to all permissible destinations other than the Portuguese possessions in India up to the end of July, 1955.

*

The Government of India have decided to institute a scheme for the award of scholarships for higher studies in Hindi in institutions for advanced studies in Hindi-speaking States.

*

A 113 per cent increase in the acreage under American cotton in Pepsu has been reported in the year 1954-55.

*

Big countries like England, U.S.S.R., China and America have intimated their willingness to participate in the Indian Industries Fair, which is to be held this year at an estimated cost of Rs. 4 crores.

*

The Government of India have sanctioned the first phase of expansion of the Chittaranjan Locomotive Works, whose target of production has now been raised to 200 locomotives per year and more thereafter.

FOREIGN

The United States has agreed to provide special "atomic training for selected Royal Air Force crews flying new strategic jet-bombers".

*

Pakistan's leading women's organization, APWA which is known to enjoy official support is on war path against officials and the public desiring to marry again.

*

The year 1955 makes TWA's thirtieth year of service. From a humble beginning with a fleet of 6 Douglas biplanes, the fleet has grown to 150 with 20 more on order. TWA now covers 33,000 miles of domestic and international routes covering four continents, and carries about four million passengers a year.

*

It is reported steel production in Western Europe, which totalled 68 million metric tons in 1954 is expected to reach 90 million metric tons in 1956.

*

Mexico has ratified the convention for the suppression of Illicit Traffic in Dangerous Drugs, which was signed at Geneva on 26th June, 1936 and was announced by a protocol adopted by the United Nations in 1946.

*

Czechoslovakia will provide the Soviet Union with information on the production of steel reinforced railway ties, prefabricated houses, rubber shoes, dyes for the printing industry, and other industrial products; also on developments in the engineering industry and the production of consumer goods.

*

The U.S. Corporations offered a larger volume of new securities during 1954 than in any year since 1929. The new issues in 1954 aggregated $9,600 million, an increase of 8 per cent over 1953.

*

World consumption of wool declined in 1954 by 4 per cent to 2,530 million lbs., but this was still 20 per cent above the average for the immediate pre-war years. The principal decrease occurred in the U.S. where consumption was 23 per cent less than in 1953.

*

The Polish People's Republic has remitted $357,499,45 in payment of the amount due in connection with its 1946 loan from the Export-Import Bank. The remittance included $336,883,71 in principal and $20,615,74 on interest.

*

A £60-million trade agreement between China and private Japanese business men was signed on 4th May. The agreement replaces the one signed two years ago and provides for the exchange of goods worth £30 million each way during the next 12 months. Payment will be made in cash in sterling.

*

The U.S. Senate has approved President Eisenhower's "no-tariff" trade Bill. The Bill extends the tariff reducing Reciprocal Trade Agreements Act for three years and authorises new selective cuts of up to 15 per cent in import duties. The Bill is claimed as the key-stone of the President's programme for expanded world trade.

*

Almost half of the increase in the national income of Norway since 1905 is due to industrial expansion. Industry now provides livelihood for a third of the population and contributes 40 per cent of the national income and 80 per cent of the total export earnings.



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CATG/13.

A Window on the World

THE AWFUL TRUTH ABOUT PROFITS

BY

ODYSSEUS

SOCIALISTS IN ALL COUNTRIES are so shocked at the mention of profits and dividends that I think it useful to quote the sensible defence put up for them in the British Conservative Party's "Campaign Guide" for 1955.

The "Guide" begins by showing that wages and salaries took 76 per cent, and personal incomes from rent, dividends, interest, and self-employment, 24 per cent, in Britain throughout 1952-54.

The gross trading profits of British companies in 1951 were actually slightly higher under the Socialists than under the Conservatives in 1953. In 1953-54, they increased by under 9 per cent. In 1954, profits were only 4 per cent higher than in 1951. This compares with a 14 per cent rise in prices and an 18 per cent rise in wage rates in 1953-54. The gross trading surpluses of public corporations rose by 19 per cent between 1951-54. In 1954, company profits were 44 per cent higher than in 1948, while the total paid in wages and salaries rose by 50 per cent. This, says the "Guide", was because, first, as Britain grows more prosperous, profits rise as well as other incomes, and the foregoing figures show that the rise was not disproportionate. Secondly, there has been a great increase in the amount of capital employed by industry. The "Guide" denies that there is any reason to believe that present level of British profits is excessive. (Incidentally, I throw out the idea that profits are the only thing of which a nation can't have too much). Under reasonable competition profits are broadly the measure of the service rendered by the company or the individual to the community. They also provide revenue for the Exchequer and a large part of the funds needed for the further expansion of industry.

In the U.K., between 50 and 60 per cent of company profits are taken in taxation. In 1954, companies paid nearly £1,000 millions in taxation on profits, roughly equal to the expenditure on the health services, education, housing, police, and roads.

Moreover, points out the "Guide", gross profits have to provide not only for taxation but also for the interest on loan capital, and depreciation on plant and machinery. And it is, says the "Guide", generally recognised that the official depreciation allowed for tax purposes is not enough to provide for replacement of pre-war plant and equipment at post-war prices. As a result, a large proportion of net taxed profits must be used to replace machines and equipment as they wear out. Finally, a part of profits goes to pay dividends on preference and ordinary shares which are widely held by savers, the majority of whom have only small holdings. The average holding of 90 per cent of capital in British industry is £500. These dividend payments are the reward to the investor for saving and risking his money in industrial concerns.

IMPERIAL CHEMICAL INDUSTRIES' EXPENDITURE

The "Guide" quotes examples to illustrate how each £ of the total income of certain representative companies is spent. It appears, for example, that Imperial Chemical Industries spent (1) 11sh. 10½d. on raw materials and operating expenses, (2) 4sh. 8½d. on salaries and employees' benefits, (3) 3sh. 4d. on depreciation, (4) 1sh. 2½d. on taxation, (5) 10½d. on reserves retained for employment in the business, and (6) 6¼d. on dividends. Associated Electrical Industries spent respectively on the same categories: (1) 10sh. 4½d., (2) 6sh. 5d., (3) 3½d., (4) 1sh. 10½d., (5) 9d. and (6) 3½d. From these, and other figures quoted, it does not seem that the British saver receives any excessive encouragement to perform the function without which industry cannot go on.

The "Guide" points out that Socialists say that increased dividends undermine the policy of wage restraint and replies that it is true that dividends have risen but that their rise has been much less than the rise in wages or prices. Between 1938-54, earnings rose 131 per cent, and total interest and dividends, before deduction of tax paid by companies and public corporations, by about 60 per cent. Thus wages have more than trebled since 1938, prices have more than doubled, and dividends and interest risen by little more than a half.

In 1954, the total paid in wages and salaries was 50 per cent higher than in 1948, while dividends and interest payments were also 50 per cent higher. During 1954, the rate of increase in dividends was somewhat greater than previously, but over the long term they still lagged far behind both wages and prices. Although dividends on ordinary shares were about 20 per cent higher in 1954 than in 1953, the total payment of all kinds of rent, dividends, and interest, in 1954 was only 4 per cent higher than in 1953, and 15 per cent higher than in 1951. A considerable part of the increase in dividends was due to the great increase in the amount of capital employed in industry. Taking into account the return on the capital employed, and comparing 1953 with 1954, the gross return rose from 5.2 per cent to 5.9 per cent and the net return from 2.8 to 3.2 per cent.

Socialists in other countries besides Britain often pick a particular year that suits them and show that in that year dividends increased more than wages. Of course, in one year dividends may go ahead more than wages, while in another wages may go ahead more than dividends. No fair picture of the relative movement of wages and dividends is obtained by ignoring the trend over a period. Moreover, even the 60 per cent rise in dividends and interest since pre-war days overestimates the rise in the income of the average British investor: taxation has increased so heavily since pre-war days that the rise in his net income has been much less.

Thus, an average investor whose gross income was £500 in 1938-39 may have seen his gross income rise by 60 per cent to £800: but his net income will only have increased by 40 per cent. Likewise, an investor whose gross pre-war income was £1,000 will have today a net increase of 31.5 per cent, and one whose gross pre-war income was £2,000 will have a net increase of only 7.3 per cent. These are modest rises over a period when prices have more than doubled and wages more than trebled. Another way of looking at the matter is to note that to buy what cost £1 in December, 1954, would have cost only 8sh. 7d. in 1938!

In India, the position is worse; for a moderate investor, the 1955 Rupee is worth only four annas pre-war when the Finance Minister's demands are taken into account!

WHO BENEFITS FROM DIVIDENDS?

The "Guide" brings out an important point that is invariably forgotten by Socalists who protest at increased dividends: the number of people who benefit is much greater than the number of direct investors. Life Assurance companies and pensions funds invest a substantial proportion of their funds in ordinary and preference shares and in debentures. The number of direct British investors is estimated at 1,250,000, but Life Assurance policies with profits number 5,700,000, while group pension and super-annuation schemes cover 6,300,000 British contributors.

The Socialist "Daily Herald" asserted on November 22, 1954, that almost all the proceeds of increased production in 1954 had been swallowed up by shareholders and those living on capital profits. Mr. Reginald Maudling, the Conservative Economic Secretary to the Treasury, refuted this in the House of Commons on March 23, 1954, when he said:

"In fact, in 1954, although we have been told by honourable members opposite that wages and salaries are lagging behind profits, the latest figures show that profits have risen at about the same rate as wages and salaries. The item in the national income figures for rent, dividends, and interest, shows a very much smaller percentage increase in 1954 than does the item for wages and salaries. In terms of volume, the amount of additional money going in rent, dividends, and interest, is £60 millions, and that for wages and salaries is £645 millions".

Mr. Graham Hutton, the economist, reviewing the new publication issued by the Council of the London Stock Exchange entitled "Interest and Dividends—1950 to 1954" (here is a useful service that our own stock exchanges ought to render) commented:

"The analysis indicates that during 1954 the maximum rise in disposable incomes of United Kingdom citizens, net of tax, from quoted ordinary shares was £45 millions. The rise in wages and salaries last year, net of tax, was about twelve times as much. And it is sobering to note that over the five years the change in the yearly flow of ordinary dividends has oscillated between 20 per cent increase (last year) and a 3.3 fall (1952)." ("The Times", March 22, 1955).

The Conservative Party "Campaign Guide" is not afraid to state frankly that the Conservative government does not believe in either a "wage freeze" or a "dividend freeze". Good wages, full employment and good profits are, it forthrightly and reasonably declares, a sign of a healthy and prosperous economy. They are infinitely preferable to low wages, unemployment, and low profits. The Conservative case was summed up thus by Mr. Maudling in the House of Commons on December 7, 1954:

"We must look at the problem of dividends in the light of the requirements of an economy that is, and will remain, predominantly a private enterprise economy. There are two sources for the expansion of our industry. There is the ploughing back of profits within a company, and there is the raising of new money on the market by new or existing ventures. I am quite certain of this, that firms cannot engage in healthy development without the provision of fresh capital for industrial expansion. It cannot be confined solely to the ploughing back of the profits of existing companies. We must ensure a proper, healthy flow of new capital from private investors for new ventures and new expansions, and we cannot do that unless the investors can expect a reasonable return on the capital they invest. Therefore, in the long-term interests of the country I am quite sure that it is desirable not only, on the one hand, that reasonable restraint should be exercised in the distribution of dividends, as it is in all other personal incomes, but that, on the other hand, the person who invests his own capital in a risky venture should be able to expect a reasonable return on the capital he invests." I should like to hear Shri Chintaman Deshmukh make the same stout-hearted declaration in New Delhi.





BOOK REVIEWS

INDIA'S HISTORY

A Survey of India: Sardar K. M. Panikkar: Asia Publishing House, Bombay: Revised Edition 1954: Rs. 3/8/-.

This popular book by Sardar Panikkar was first published on August 15, 1947, the date of India's independence, and was reprinted seven times within 1950. It is now revised with an introduction by the author.

The main interest of the work lies in the fact that it is an effort of imagination and feeling as well as of close acquaintance with events. Sardar Panikkar surveys the panorama of Indian history from a distinctive national point of view, and offers an account of the main epochs of Indian history. The first section of the book describes the process of the Aryanisation of the sub-continent between the periods of the Ramayana and the Mahabharata. It then goes on to give a vivid picture of the life and times of the imperial ages of the Mauryas and the Guptas and a sketch of the social life of the times, glimpses of the city life, architectural ideas, status of women, educational institutions, philosophies and religions, typical statesmen and sages, poets and thinkers.

One of the special features of the work is the effort to correct the usual defect of works on Indian history in confining them to Northern India. The book has two chapters on South India and its contribution to the life and greatness of India in the past. An important point of view that enables the author to marshal the bewildering events of Indian history into meaningful periods is that of "response" in a Toynbeean sense—to the challenge of invasion. The Maurya and Gupta ages and the epoch of Harsha are seen as the Indian answer to the challenge of the Greeks, the Huns and the Sakas. But when Muhammad of Ghazni came, India failed to stop the flood. The author conjectures that loss of the habit of looking beyond frontiers and of measuring themselves with foreigners had something to do with this shrinkage of spirit or loss of nerve in India which was partly the result of the loss of contact with Central and Western Asia owing to the closing of the trade routes. The author finds evidence of leadership in the sciences and the arts, politics and administrations built up in successive heroic ages through a wide power of synthesis. The outlook is Spenglerian and is successfully carried through in this survey which gives it the interest of drama as well as that of a stirring appeal to patriotic pride.

AMERICAN ECONOMY

American Capitalism The Concept of Countervailing Power: John Kenneth Galbraith: Houghton Mifflin, Boston: $3.

This book gives a stimulating analysis of the exact condition of capitalism in the U.S.A. from a pragmatic point of view, revealing it in a new light. For a generation now the Americans have lived under the shadow of depression, but cannot see how the rising flood of State control can be avoided. The theory that justifies free capitalist enterprise is that free competition can be self-corrective. The competitive model assumes the possibility of free entry of new units into the lines of production. Mr. Galbraith points out that this model failed to work fully on the American scene and the tendency was for each line of production to be occupied by eight or nine large firms enjoying the economies of large-scale production and accumulating a tradition of efficiency and management. It was found that new firms could not easily enter these lines, but their condition was not exactly to be defined as monopolist so as to bring them under the action of the anti-trust laws.

But the absence of regular competition from new firms here does not mean that the old firms exercise monopolist power and hold the community to ransom. The American economy has been able to prevent this outcome by throwing up countervailing power which is offered by organised groups of suppliers and buyers of their raw materials and finished products, and prevented monopoly prices being put up on the part of the great manufacturers. The conclusion of the book is that in spite of the curtailment of competition, the economy can develop other checks on the market power of producers. Mr. Galbraith accepts the usefulness and inevitability of the role of the State in helping groups to develop such contervailing power. He is not against State action and offers a guide to the administrator as to when his interference is justified. The principles of State action and of the long-term implications of socialism on economic life and even on democracy itself are afforded by the book but are not discussed. It is a stimulating work opening a new vista on the actual working of American economy and the secret of its success.

REFERENCE BOOK

The Investors India Year Book, 1955, 41st Edition: Orient Longmans: Compiled by Place, Siddons and Gough: Price Rs. 20.

The Investors India Year Book, 1955—a classical reference book for investors—makes a survey of the various Joint Stock Companies in the field of major industries classified as banks, railways, coal, cotton, tea, jute, sugar, engineering, insurance, miscellaneous and electric in this 384-page volume. The management of the companies, their capital structure with historical account thereof, analysis of working (profits, depreciation, reserve funds etc.) and the balance sheets are systematically dealt with for each company.

The introductory chapter gives a review of investment trends in coal, tea, jute and cotton industries, touching briefly upon the state of the money market in India today. It also spotlights the various aspects of trustee investments, e.g., revised law on trustee investments and approved investments covered under Section 27A of the Insurance Act.

In view of the interest involved about the future of the private sector of the industry by reason of the resolution on socialistic pattern of society at the Avadi session, the references to 'Business under Socialism' have topical interest.

COTTON ANNUAL

Bombay Cotton Annual, 1953-54: The East India Cotton Association Limited, Bombay.

The Bombay Cotton Annual, 1953-54, which is the 35th publication of the East India Cotton Association, follows its regular pattern. Dealing with the trends in the cotton trade, the Annual gives figures pertaining to the characteristics of Indian cottons, statements of various descriptions of cotton and summary of forecasts of the Indian Cotton Crop. Besides, valuable data on cotton textiles and imports of foreign cotton into Bombay, the chapter on statistics of foreign cotton gives estimated average and yield of cotton in Pakistan, monthly and yearly receipts of cotton into Karachi; acreage and yield of American and Egyptian estimated cotton crops; world's cotton crops and world's cotton spinning spindles. This useful publication is assured of an appreciative reception.

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A NEW TYRE DESERVES A NEW TUBE

A DELHI DIARY

BYPASSING the Chou-Menon talks, Big Four Meetings "at the summit" and the British General Elections, I propose to confine myself to an aggressive pronouncement of India's Finance Minister at Bangalore last Sunday. Sir Chintaman said that there was "no evidence to show that the public sector is not efficient as the private sector". He is also reported to have said, "I should like a Commission to be appointed to consider this matter." Considering that the last Commission which Sir Chintaman appointed—the Taxation Enquiry Commission—has settled precisely nothing in regard to the pattern of Indian taxation, and Sir Chintaman hastily retreated from some of its recommendations, one wonders why Commissions continue to enjoy so much of his confidence. Perhaps this is because in the public sector procrastination is not the thief of time. Delay can be invested with dignity and can be skilfully used to give a mistaken policy decision all the marks of mature reflection. Thus the Royal Commission became a notable British device by which a pressing controversial problem could be deferred for two or three years, the minimum period during which a Royal Commission could pass through all the necessary processes, including the taking of the elaborate evidence in order to arrive at an appropriate conclusion. Thereafter the very size of the Report gave Government an opportunity to linger for another year!

Q.E.D.?

What would a Commission on the public and private sectors do in order to justify Sir Chintaman's foregone conclusions? As far as I can see, all a Commission of this kind need do would be to examine the balance-sheets of particular factories in the private and public sectors. It might compare, for example, Sindri with FACT, and it would argue that since Sindri produces so much more cheaply than FACT, public enterprise must be more efficient than private enterprise. It would not matter a bit in this political age that the argument is untenable and unjust; social justice consists in calling a dog a bad name and hanging him. Sindri has much bigger resources and came later in time with new techniques; it has a much larger opportunity to exploit the principle of increasing returns than FACT can ever have. To argue that the public sector is more efficient than the private sector because Sindri produces more cheaply than FACT is a little like arguing that the Indian Railways are obviously better run than the Darjeeling-Himalayan Railway. After all, it will be said, they are both railways. Statisticians have been known to proceed in this manner to determine coefficients of efficiency. This may be the method of statistics, but I wonder whether it has any application to other fields of enquiry which, I like to think, have still some reputation left for honesty.

It is obvious to me that a true comparison between efficiency in the private and public sectors on industrial plants is impossible in general, by reason of factors which make a comparison improper. It is only when the same plants or exactly similar plants are under private and public operation at the same time that the comparison could legitimately be made. Will the Government of India make this possible?

TWO TO ONE

I suggest quite seriously that if Sir Chintaman Deshmukh is really interested in arriving at the truth, he should set up not a Commission but two factories, one under public management and one under private management, but otherwise identical with each other in all respects. Let them run an appointed race. There will thus be saved a great deal of talk and since both units are likely to be producing (in different degrees) they can both be put into the Plan. Let Parliament after three years have full reports on both. Let Sir Chintaman back his horse; I'll back mine. I offer him two to one on a stake of Rupees One thousand. I would have made it more, but am fearful that, after three years of operation of the socialistic pattern of society, I will not have the money to pay!

I will now suspend judgment on the general question but will submit the following points which suggest to me that the Finance Minister is in error.

(1) Public industry has generally to operate under political control which implies (a) that some patronage must be made available for relatives of persons in high political authority or for party nominees, (b) that major policy questions, since they have some political ingredients, will need to be circulated to a very large number of people before a decision can be taken.

(2) Whereas in the private sector a quick decision is necessary in order to avoid losses, there can be an indefinite holding up of decisions in the public sector without any serious penalties being incurred. Indeed, I have on the authority of three senior officers this week that at the present time the habit of shirking responsibility in the public sector is growing so rapidly that even the quick payment of bills, to which I referred last week, is becoming almost incapable of solution.

I propose now to rush in where angels fear to tread. Let the Finance Minister of India turn his thoughts inwards and examine the bills which are pending with the Ministry of Finance at this time. I have been permitted to look into the records of "The Eastern Economist" in respect of subscriptions for this (essential?) paper for the Finance Ministry. I have discovered that on some occasions it has taken up to six months in the Ministry of Finance to pass a bill, and there is no single case where payment for a meagre subscription of fifty rupees has taken place within a month. In this case there is no political tribunal to satisfy and the matter is not one for day-to-day scrutiny by Parliament. The Finance Minister has perfect authority within his own Ministry to establish precedence for the public sector in one simple matter. Prompt payment is by no means an exact measure of efficiency but nevertheless it is a convenient one. Why is it that it takes approximately twice the time to make payment here than it does in practically every private concern with which "The Eastern Economist" deals?

I know the answer will be given that there are rules and regulations in this case which do not necessarily apply to the private concerns. Is this an admission that the public sector is necessarily slower? If so, I quit with a win. If this is not admitted, I proceed with my heavy guns. If the rules and regulations are considered necessary for the administration of public affairs, surely one is justified in saying that this is a factor making for inefficiency in the sense (a) that a larger number of people will need to be employed in order to maintain the procedure required by rules, (b) that the rules by their very existence will hinder initiative on the part of really enterprising people who dislike rules and (c) that the Government method of payment by which promotions outside grades are difficult is not good for efficiency.

In regard to (c) it might be contended that security makes for better work in the long run. If this is so why are some people promoted above the heads of others? When the Finance Minister promotes Mr. M. V. Rangachari to be Secretary of the Revenue and Expenditure section of the Ministry above twenty others, he is employing the private enterprise theory of rewards. He really is in this respect not playing the (Government) game!

ARGUS.

Special Articles

INDIA'S DEMAND FOR IMPORTS

A TIMELY article by Mr. Kumarasundram in the most recent issue of the International Monetary Fund Staff Papers deals with the question of the behaviour of imports into India during the five years 1948-49 to 1952-53. This subject is of high topical interest because of the debate which is taking place and which was reflected in the meeting of the Import Advisory Council last Saturday as to the extent to which development in the Indian economy in the next five to six years will raise India's imports significantly.

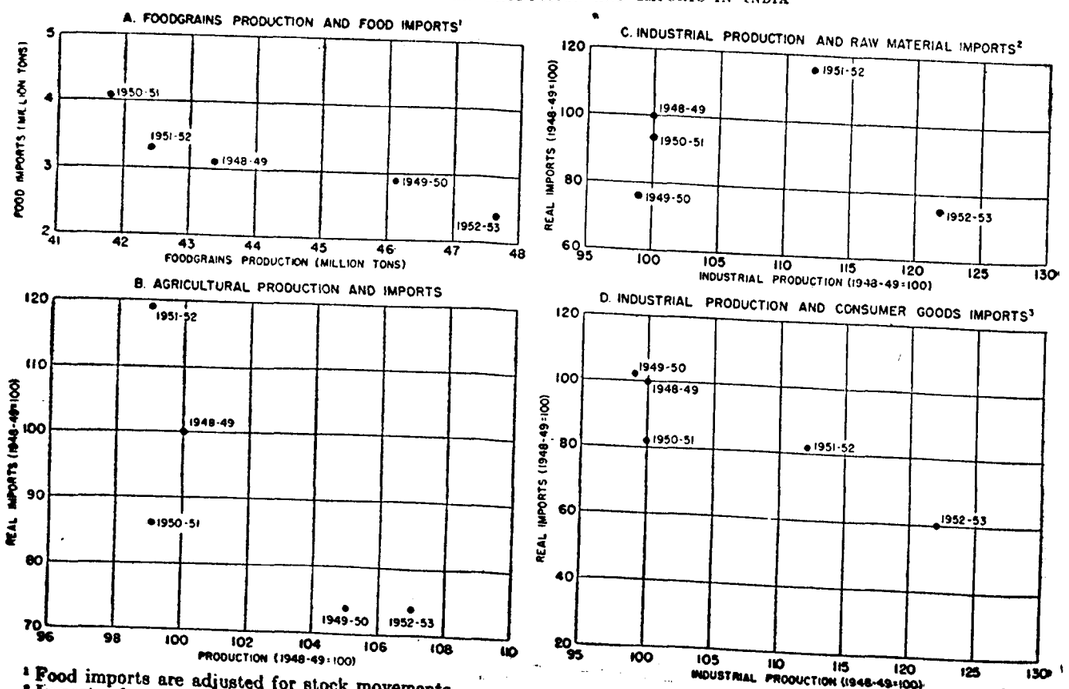
Mr. Kumarasundram's observations cover four fields, the relation between national income and imports, the relation between total imports and prices, the correlation between production and imports, and finally domestic investment and development imports into India. The relation between these four particular correlatives in imports are set out in the graph below which is taken from his article. The article also contains the necessary tables which support the graphical rendering.

The conclusions to be drawn from the tables as well as from the graph are fairly straightforward. Mr. Kumarasundram remarks: "The Indian economy is largely self-sufficient. The average propensity to import (i.e., imports expressed as a percentage of national income) in India is only about 9 per cent. The continental size of the country, its varied agriculture, and its fairly high level of industrial production in comparison with that of other underdeveloped countries, together with its low income levels, have all operated to keep down the average propensity to import." On the factor of prices he comes to the conclusion "that no constantly meaningful relationships can be observed from a study of prices. Any effects of changes in relative prices on the volume of imports during the early post-war years were obscured by the influence of world shortages of internationally traded commodities, the fact that imports were governed largely by the timing of the relaxation or intensification of controls, and the prevalence of State trading in respect of items like food imports". So far as production development is concerned the conclusion is that imports and investment tended to move rather closely.

In so far as any firm conclusions can be drawn from this article they tend to support the view that, as development gets under way, it will not in a continental system like India be reflected in a proportionate increase in imports. The case of cotton textile production and raw cotton is highly suggestive. With the raw cotton crop this year estimated at between 46 and 48 lakhs of bales, India's need for raw cotton has declined very significantly in the last five years. Similarly, food self-sufficiency this time has meant almost exactly the opposite of the classical cases of Britain and Japan, when increased industrialization has invariably promoted increased food imports.

No certain conclusion follows from the facts, but there is a high probability supported by the studies of the Indian Institute of Public Opinion and by the evidence adduced in this article to suggest that the pessimistic view on India's balance of payments in the period of the second Plan is based upon an inadequate appreciation of the capacity of a continental system to provide almost all its own food and raw materials in a period of rapid development.

RELATIONSHIP BETWEEN PRODUCTION AND IMPORTS IN INDIA



¹ Food imports are adjusted for stock movements.
² Imports of raw materials and intermediate goods.
³ Consumer goods imports other than food.

LINEAR PROGRAMMING — A NEW TOOL OF ECONOMIC ANALYSIS—II

By

AJIT K. BISWAS

IN the May 20 issue of "The Eastern Economist," the concept of linear programming was defined, and by way of economic illustrations, Cornfield-Stigler adequate diet problem and Hitchcock-Koopmans minimum-cost transportation problem were cited. Here methods of solution of some simple numerical examples will be indicated.

GEOMETRICAL SOLUTION

Suppose, there are only two foods, food 1 and food 2; and their prices for some given units are one and two rupees respectively. Let there be four nutrients,—calories, vitamin, carbohydrate and protein whose intake by an individual must not be less than 2,000, 250, 300 and 420 (numerical values being expressed in some suitably chosen units). Nutrition contents of foods 1 and 2 are given in the following table:

	Food 1	Food 2
Calories ..	100	160
Vitamin ..	25	15
Carbohydrate ..	30	40
Protein ..	26	28

If we denote the quantities of foods 1 and 2 by x and y, total calorie content of the two foods is $100x+160y$, total vitamin content $25x+15y$ and similarly for the other nutrients.

Our problem now is to minimize cost of the diet, given by $z=x+2y$, subject to the following conditions:

(i) $100x+160y$ is greater than or equal to 2,000
(ii) $25x+15y$ " " " " " " 250
(iii) $30x+40y$ " " " " " " 300
(iv) $26x+28y$ " " " " " " 420

Only non-negative solutions for x and y are admissible, i.e., the quantities of each of the two foods consumed are either zero or positive.

Now we shall represent the problem geometrically. In figure 1, quantities of food 1 are measured along the X-axis and quantities of food 2 along the Y-axis. Straight lines A, B, C, and D are graphic representations of the equations $100x+160y=2000$, $25x+15y=250$, $30x+40y=300$, and $26x+28y=420$ respectively. Thus the co-ordinates of any point on the line A give the amounts of foods 1 and 2 which **just** satisfy the requirement of calories. If only food 1 is consumed, required calorie is obtained from 20 units, as shown by the intersection of line A with the X-axis. On the other hand, from 12.5 units of food 2 is derived a total calorie content of 2000 ($=12.5 \times 160$), satisfying the specification; this is indicated by the intersection of line A with the Y-axis. Similar observations apply to the lines B, C, and D; any point on these lines represents a particular combination of foods 1 and 2, which does **just** satisfy the vitamin, carbohydrate, and protein requirement. Thus, looking at the point Q on line D, we find that 8.2 units of food 1 and 7.4 units of food 2 generate 420 units of protein, as required ($26 \times 8.2+28 \times 7.4=420$, approximately). Point P on line B represents 2.25 units of food 1 and 12.9 units of food 2, from which is obtained 250 units of required vitamin.

Now it is easy to see that any point in the entire region to the right of A, bounded by the line A and the two positive axes express certain quantities of the two foods which together have a calories content of 2,000 or more. It has been shown above that any combination of the two foods given by line A will yield exactly 2,000 calories. For any point T in the region, which does not lie on A, we can find one or more points on A and assure ourselves that T represents more of either one or both of the two foods, compared to some point on A. Evidently any such point T will yield more than 2,000 calories. On exactly similar grounds, the region to the right of and bounded by B and the two positive axes contain points which stand for different combinations of the two foods which together meet the vitamin requirement. Values of x and y, i.e., the amounts of foods 1 and 2 which jointly satisfy the carbohydrate requirement (constraint iii) are given by the region bounded by and to the right of C and the X-Y axes. Similarly, the feasible region for protein requirement (iv) is easily demarcated.

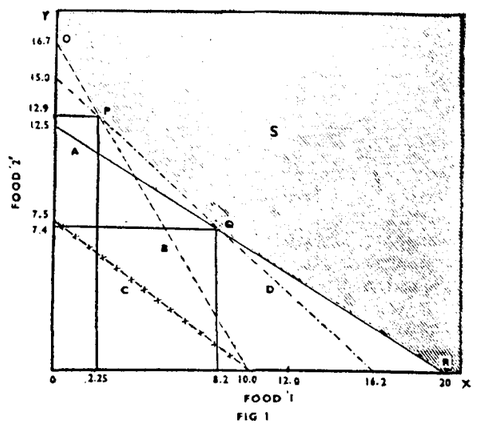


FIG 1

The **region** where all the four nutrition requirements are satisfied **simultaneously** is obviously one which is common to the regions which satisfy each of the requirements singly in isolation from the others. This common region is shown by the shaded area S in figure 1.

The problem now boils down to finding a point (x, y) in the region S (which includes the sharp-cornered curve OPQR such that cost of the diet is minimised.

In figure 2 the sharp-cornered curve OPQR is taken from figure 1. We have also four constant-cost lines E, F, G, and H representing the following equations: $x+2y=10$, $x+2y=16$, $x+2y=20$ and $x+2y=21$. Each of these lines gives different combinations of the two foods which together cost a given sum of rupees. Thus twenty rupees may be spent either on 20 units of food 1 (at one rupee per unit) or 10 units of food 2 (at two rupees per unit) or on different combinations of both the foods given by other points on G. It is easily seen that all these constant-cost lines are parallel, their slope being equal to the price-ratio of $\frac{1}{2}$. Also the lines farther from the origin denote more expensive bundles of the two foods; thus E, F, G, and H are lines in ascending order of cost. There is no sanctity in drawing only these four lines; in fact, we can draw a whole family of them, representing $x+2y=c$, where c is a parameter which can take any non-negative value. We shall immediately see, however, that G is the line which is of most interest to us.

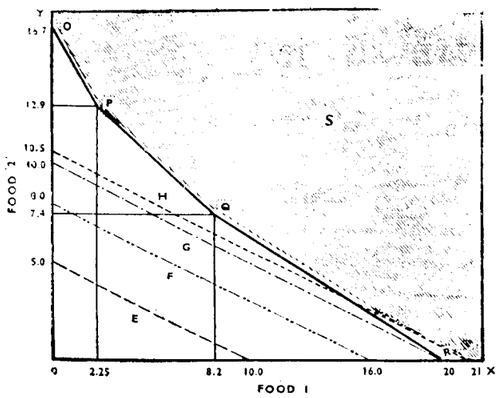


FIG 2

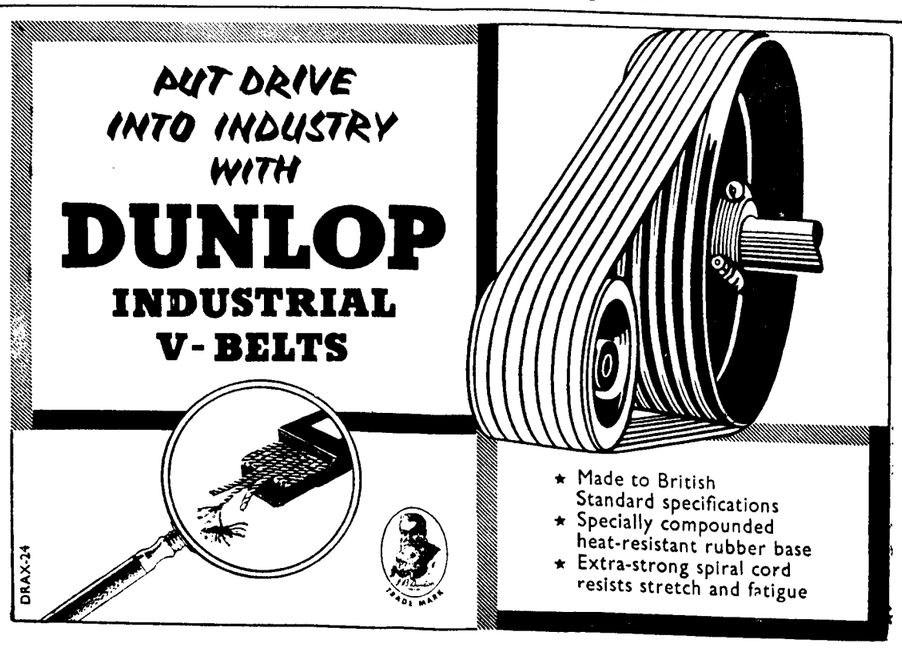
Any of the constant-cost lines which do not pass through the feasible region S are inadmissible, because they stand for combinations of food which do not satisfy the nutrition requirements. Out of four constant-cost lines drawn in figure 2, only G and H satisfy our constraints. Generally speaking, the sub-family of constant-cost lines which lie to the right of G (G inclusive) will each represent some combinations of the two foods which satisfy the nutrition requirements. G meets the curve OPQR at only one point R which means 20 units of food 1 and none of food 2. Any constant-cost line to the right of G, though admissible so far as the satisfaction of nutrition requirements is concerned, represents higher cost. On the other hand, any line to the left of G (e.g., E, F, etc.) does not pass through the feasible region S. Therefore, the cost of diet is minimized at 20 rupees, through the consumption of only one food, namely 20 units of food 1.

It is interesting to see how minimum-cost diet varies with changes in **relative prices** (price of food 1 divided by price of food 2) of the two foods. If the price of food 1 is Rs. 3 per unit and that of food 2, Rs. 6 per unit so that price-ratio is the same as in the above example, minimum-cost diet will still consist of 20 units of food 1 and none of food 2, cost in this case being minimized at Rs. 60. On the other hand, any shift in relative price from 1 : 2 to, say, 5 : 8 will open up the possibility of choosing any number of combinations of foods, given by the line segment QR, all having the same minimum cost. Similarly, any relative price greater than 5 : 8 but less than 13 : 14 will lead to the choice of 8.2 units of food 1 and 7.4 units of food 2 (represented by point Q). And so we can trace the effect of all conceivable changes in relative prices.

It has been possible to offer a geometrical solution because we took the highly simplified case of only two foods. Geometry becomes awfully cumbersome if we have to deal with three foods and measure their quantities along three axes, instead of two. If the number of foods exceeds three, as it is likely to happen in any realistic case, geometry is no guide and we have to seek the help of algebra. A technique called **simplex method,** due to the mathematician, G. B. Dantzig, can be used to solve many of the general multi-variable cases of linear programming problems. It is outside the scope of this article, however, to go into the details of simplex method.

PLANNING AND LINEAR PROGRAMMING

We shall conclude with some brief remarks on the applicability of linear programming technique to economic planning. In the open model of Leontief's static input-output system, the effect of any change in the 'final bill of goods' on aggregate demand for the output of different sectors of the economy is analysed on the assumption of fixed coefficients of production. The model does not explicitly answer the question whether the production of any final bill of goods is feasible. It is possible to pose an input-output system in a linear programming framework where we can explicitly consider some important constraints like capacity limitations in various sectors of the economy, maximum labour that can be mobilised in any given period, a minimum employment goal sought by the planning authorities, maximum deficit in the balance of payments that can be allowed without putting a severe strain on available exchange resources, etc. The question may be asked whether the production of a given bill of goods is possible under a set of pre-determined restrictions. Or we may try to find out the minimum labour required to produce a given final bill of goods, and so on. Obviously, the number and nature of constraints and the preference function (the function which we seek to maximise or minimise) will depend on the idiosyncracies of the particular economy under consideration. Thus both in microscopic (relating to households, firms or industries) and macroscopic (relating to the entire economy) planning, linear programming techniques offer a lot of promise.



Economic Report from the U. S.

WORLD TRADE WEEK

NEW YORK, May 24.—Here in New York, as in other cities throughout the United States, World Trade Week is being celebrated with traditional fanfare, main features being the usual parades and speeches, the waterfront tours and the international boat races. But if any extraordinary gusto marks this year's observance, it can be attributed in no small measure to the optimism surrounding the current upsurge in international commerce. U.S. trade with the rest of the world is well ahead of last year, and experts are predicting a $500-million rise in imports this year and a $750-million rise in exports in the month of March, the latest for which results have been tabulated, and U.S. imports were valued at a whopping $1,018.5 million—more than in any month since 1952. It takes a look behind the figures, however, to gather the full impact of the events shaping this rise in commerce, and New York, the world's leading seaport, is an ideal place for such a look.

Just last week, for instance, an all but countless number of consumer articles, many of which were new to the United States, were displayed by 27 nations at New York's annual International Trade Fair. More than 30,000 visitors attended the show, at least 25 per cent of whom were professional buyers which was a graphic evidence of the growing interest in goods from other countries. Trade organizations here report, moreover, that record numbers of buyers for American department and speciality stores are touring Europe and Asia, contracting for the importation of consumer goods during the coming months. Estimates to date indicate that U.S. retail stores will stock at least 10 per cent more imported merchandise this year than the last. A main reason for this increase in imports, of course, is the rising level of retail sales in the United States. But equally important, say the buyers, is the fact that more manufacturers in other countries are beginning to style their goods to American tastes. They are making new and useful items at reasonable prices to catch the fancy of the American consumer. Increased purchases are being made in such countries as England, Germany, Italy, France and Japan. Among imported items gaining favour with Americans are chinaware, cutlery, ceramics, steel instruments, sweaters, gloves, socks, tableware, leather goods and toys.

AMERICAN INTEREST IN FOREIGN PRODUCTS

A particularly striking example of American interest in foreign products is furnished by the David D. Doniger Company, maker of men's sportswear. William Doniger, President of the firm, left last week on a two-month world tour that would take him to such lands as Japan, Hong Kong, India, Thailand, Turkey, Greece, Italy, France and the Netherlands. His primary purpose is to seek out new quality fabrics for regular import into the United States. But he also hopes to encourage young creative talent in other countries, particularly designers of textiles and prints, and to work out a system for the international exchange of foreign and U.S. designers. American manufacturers and traders, in turn, are benefiting from the expanding economies and increased interest in U.S. goods in other parts of the world. Four Government officials returned last week from a tour of European trade shows with a highly gratifying report. At five fairs—Frankfurt, Hanover, Brussels, Lyon and Milan—European business men made more than 19,000 direct inquiries about U.S. goods and production methods. Interest was said to be high in such U.S. products as industrial machinery, farm and construction equipment, chemicals, electronic equipment, household appliances and packaging material.

It has been said that the condition of trade can be gauged by a port's towboat and tugboat industry. In New York, these 500 auxiliary vessels are riding the crest of a rising wave of shipping activity and better business conditions here and abroad. They are puffing busily up and down the harbour, docking and undocking ships and moving lighters and barges from railheads to piers and back again. So heavy has been the booking, that some tug operators, who were complaining about lack of business last summer, are planning to build additional vessels and so strong has the tide of trade been running at all U.S. ports that one operator has been scouring the entire Atlantic seaboard for additional tugs.

The Business World

PERILS OF PHYSICAL PLANNING

By

CROESUS

TO all those who cherish and value the democratic way of life, the speech of Mr. Babubhai M. Chinai, President of the Indian Merchants Chamber (I.M.C.), at the first quarterly general meeting of that body, held a few days ago, cannot but have a special appeal. For he found it necessary to refer to what he calls "a potential danger inherent in a certain approach in planning," namely the physical approach, only with a view to emphasising the need for constant vigilance, which is the eternal price of liberty. As he rightly says, in our schemes and plans for economic growth and development, we will have to be particularly careful so that, in our anxiety to achieve spectacular results, we do not destroy the very democratic ideals and values for which we stand and which we so fondly cherish. It is true that our Prime Minister, than whom there cannot be a stauncher champion of democracy, has on several occasions declared that "India would not sacrifice her democratic institutions at the altar of economic progress" and that, in the long run, economic prosperity based upon a denial of human freedom and dignity could not carry a country very far. But it is rather ironical that, although India is thus apparently pledged to a peaceful and democratic way of life, the vital task of preparing the framework of India's second Five-Year Plan is to be entrusted to a set of persons whose ways of thinking are known to be anything but democratic. These are the authors of the second Five-Year Plan headed by Prof. P. C. Mahalanobis, Statistical Adviser to the Government of India. As everyone knows, Prof. Mahalanobis has been a very staunch supporter of planning in physical terms, that is in terms of input-output analysis and various techni-

cal co-efficiency evolved in terms of statistical correlation. Fortunately the Professor and his compatriots have not been able to carry the rest of the country with them and much less to convince even the Planning Commission or the panel of economists. This doubtless explains the partial modification of his original plan, to which I shall presently refer.

Meanwhile, I feel it is necessary to give a brief indication of what planning in physical terms, as compared to planning in financial terms, means. According to Mr. Chinai, the I.M.C. President, it is not without significance that most of the men who have contributed to the physical approach to planning are experts who have drawn mainly on the experience of planning in totalitarian countries. Mr. Jaya Prakash Narain, however, has been more specific on this point. In a recent Press interview at Lucknow, he made it clear that all these men are from behind the iron curtain. Accordingly he expressed his deep concern over this "highly centralised totalitarian kind of planning which Prime Minister Nehru is getting done by the experts of Communist country in the name of a socialistic pattern of society". Be that as it may, to revert to what Mr. Chinai says, the physical approach must logically lead to a vast authoritarian and bureaucratic control of the social, political and economic structure of the country destroying ultimately the very principles of democratic and popular planning we have accepted for ourselves.

Prof. Hannan Ezekiel, in an article in "Freedom First" has ably dealt with the same question under the title "The Dangers of Physical Planning," and says: "In physical planning, as understood by the Statistician and his group of experts, there is little doubt that there is implied a replacement of the democratic foundations of economic planning by a system of direction of resources which is so familiar to those who have studied the economies of the Communist countries. Destruction of liberty is inherent in this technique of planning. Its greatest attraction is that it yields results—or so people are made to believe—though sacrifice in terms of human suffering and the loss of liberty that has to be incurred is, of course, out of all proportion to its achievements."

Talking of achievement, I am amazed that, when every distinguished visitor to India who has gone round and seen the development that has taken place in the country since Independence has praised the achievements of India, there are still people who seem to believe that, compared to the Communist countries, our progress has not been substantial. Really speaking, this is not so. This unfounded impression is partly the result of our impatience of the tempo of progress, forgetting the handicaps and hurdles the country has had to face in the wake of World War II and the partition, and the intractability of the unemployment problem in India. The results already achieved by India are not inconsiderable in all conscience and a comparative study recently made by a Professor of Economics in India and China clearly shows that the progress made by India in the economic sphere is not only more quantitatively but also better qualitatively. Two Stanford University economists have also published an article (based on their report) in the latest issue of "Problems of Communism" in which they advance the claim that "India has been out-producing China by using planned democratic techniques to build up her economy."

Notwithstanding all these readily accessible testimonials, it is strange that there should be talk of India proposing to take a new direction in economic planning which must necessarily mean the ultimate destruction of democratic ways of living in this country. But fortunately, the concept of physical planning as such has been sufficiently discredited by the convincing and considered criticisms of economists like Prof. D. R. Gadgil and Prof. B. R. Shenoy to make any headway. Sensing this, Prof. Mahalanobis has come out with a modified plan which is seemingly acceptable. Under this plan, the Professor wants that primary importance must be accorded to the building up of heavy industries with a view to making the country self-sufficient in the matter of supply of producers goods. Secondly, his plan postulates the reservation of the new production of consumer goods to hand and cottage industries, while, at the same time, preventing further expansion of factory production in the same sphere. Thirdly, it provides for the entry of the Government into many new spheres of activity.

It may not be out of place here to remind readers that importance given to heavy industries by the Mahalanobis plan was also the central feature of the first and the second Five-Year Plans of the U.S.S.R. Students of economic history of the U.S.S.R. and other Communist and Communist-dominated countries need not be told that it was this approach which led to the mericless exploitation of the people and the eventual rise of the Police State. There may have been some justification for Russia adopting such a course at the time she embarked on her plans. For there was no question of foreign aid in her case. But then India has had the good fortune of being the continuous recipient of foreign aid. When almost every country, including the U.S.A., the U.K. and even the U.S.S.R. is anxious to assist India in her economic development, where is the need to hasten with a concentrated programme of heavy industries? Again, it is all very well to presume that cottage industries provide more employment. But one should not forget that the eventual result of this decision might mean the smothering of free enterprise and consequent unemployment of millions of workers. Moreover, it is also not clear to me why our workers should not be allowed to take advantage of the most modern and up-to-date gadgets and thereby save considerable fatigue. Next, one has to reckon with the inevitable result of rigid control over all economic activities or more and more regimentation by the State. In short, the central idea of the physical planning concept described by Prof. Mahalanobis and his school is to take into account the physical resources available to the country and to utilise them in the most effective way for ensuring rapid industrialisation (this is synonimous to them with large-scale development of heavy industries). Effective utilisation needs direction of labour as well as resources which is not possible without a rigid control over the entire life of the community. As has aptly been summed up by a writer in "Freedom First," this economic compulsion will necessarily lead to the establishment of totalitarian regime for without such a regime it is not possible to direct labour and resources into planned channels and to coerce the people into a life of toil and hardship.

To say all this is not to dismiss physical planning as being altogether useless. More particularly, when it is remembered that the first Five-Year Plan has laid too much stress on the financial aspect and paid too little attention to physical resources, it would be more appropriate, as Mr. Chinai has said, to consider the physical and the financial approaches of planning as complementary to each other. Even Prof. Mahalanobis has not established that financial planning has failed and must be thrown overboard and replaced by physical planning, although he may doubtless desire such a consummation. What seems to be necessary, therefore, is that the Planning Commission should pay greater attention to the problem of physical resources, that is to proper appreciation of the implication of each decision to resources-use, on the one hand, and resources-creation, on the other. And this is not very much different either from what the Planning Commission has already been doing, although one would wish it had done so more thoroughly.

BUSINESS NOTES

PROSPECT FOR COTTON EXPORT

THE PRONOUNCED trend towards adoption of restrictive policies in the matter of import of raw cotton on the part of importing countries has important repercussions for this country, although our volume of export is unimportant in the context of the world trade in this commodity. Nevertheless, from the national viewpoint these repercussions are of direct and immediate relevance to the stock and price aspects of Indian raw cotton. They are likely to counteract whatever optimism may be created by the Government's expected move to liberalise the conditions regarding staple lengths of cotton for export.

The market in Japan is of great interest to exporters of Indian raw cotton and precisely in this market imports are being severely restricted. The Ministry of Trade in Japan has recently announced its decision to suspend allocation of foreign exchange to pay for imports of raw cotton for the present. How long this ban will be in force, there is no clue to forecast. Japan's ability to satisfy her requirements of cotton has been greatly facilitated by U.S. aid in the nature of supplies on the most agreeable term of payment in yens. Furthermore, a net reduction has been caused in the total quantity which she would be required to buy from abroad because of the compulsion of the decision to cut down the production of yarn in her own spinning mills. The reduction in yarn production is expected to be of the order of anything up to 35,000 bales per month in the current calendar year. Appropriate drastic measures to prevent violation of restrictive limits are being enforced. The present plan of the Japanese Government is to reduce the volume of cotton imports by 100,000 bales as against the original estimate of 185,000 bales in the current year. France has also adopted a restrictive policy on import and although its full details are not so far available, it is enough for this country to know that a specific ban on imports of Indian raw cotton has been announced. The U.K. is expected to follow suit by general reduction in import without special treatment of any supplying source.

SOCIAL INSURANCE IN HASTE

THERE IS still ample time for the Government to reconsider its provisional decision to accelerate the pace of the expansion of social insurance. It is plain that this enthusiasm is not inspired by an objective and matter-of-fact appraisal of the situation. So far, one-third of the insurance working population has been brought within the coverage of the employees' State insurance scheme. Important industrial centres and areas like Calcutta, Howrah, Madras City, Bangalore, that vulnerable State of Travancore-Cochin, and so forth, are outside its ambit. Even in its restricted coverage, it has not been possible to judge its operational results and in fact information available about its actual benefit is too inadequate to justify substantial conclusions of general validity. Grave differences over the types of medical service to be procured and also over the allocation of financial liability have caused delays in starting the scheme in premier centres like Bombay. The Central Government had to give in and accept higher financial obligations. While these genuine obstacles are being overcome and attempts are under way to nurse the scheme in its restricted scope, Government has made a decision to extend it to the rest of the insurable industrial population in the entire country. This zeal is being carried yet another step forward. Government has almost come to the positive conclusion that outpatient treatment under the scheme can be extended to the families of workers without straining the finances of the corporation on the present basis of contributions. As if to endorse this conclusion a special actuary has been assigned the work to carry out the necessary investigation.

It is apparent from the entire trend of the projected expansion of the scheme in the near future that its long-range implications on industry are being ignored. Mr. B. K. Setalvad sounded a note of caution against such indecent haste in his address at the last annual conference of the Insurance Club at Patna. In effect, he has made a powerful plea for a dispassionate appraisal of the situation and has urged that the fundamental requisites of social insurance ought not to be overlooked as matters of small consequence. Social insurance requires the steady basis of full employment and stable levels of decent income. He has stressed that over the advanced countries of Europe, where these requisites are satisfied in a far higher degree than in India, the expansion of social insurance has not been adjudged as a success. The U.K. typifies the shortcomings of a very ambitious programme in a striking manner. This verdict comes from analysts whose allegiance to the Leftist philosophy is widely known. If this lesson is allowed to go unheeded, forced extension of social insurance will not fail to recoil on industry in its efforts to achieve higher levels of production and employment.

EXPORT CREDIT GUARANTEE

THE EXPORT credit guarantee scheme, whose broad idea has been propounded by the Government of India to invite recommendations and constructive criticism from trade interests keen on intensifying the drive for export promotion, drew some attention at the last session of the Export Advisory Council. One of the major factors which has often handicapped the maintenance of high levels of exports in major commodities from this country on a continuous basis is the element of risk from the viewpoint of the importer and also in some degree from the viewpoint of the exporter. A machinery for insurance against risk to either party is bound to help stabilise our export trade. In so far as exporters are concerned, among the obligations which they have to accept is strict adherence to terms of contracts, including, primarily, supply of goods tallying in quality and standard specifications with those stipulated in the export agreement. Any method of compulsory imposition of the scheme is just out of the question since non-compliance and resistance on the part of even a section of the export trade is bound to bring uncalled for trouble for the majority. It was for this vital reason that Mr. Shantilal Mangaldas, President of the Federation of Indian Chambers of Commerce and industry, fervently pleaded for a strict basis of voluntary participation.

This is a task whose success cannot be ensured by Government control and on the score of efficiency and administration a State machinery for export credit guarantee is unlikely to function smoothly as in the U.K. and other European countries. The proper technique that must find acceptance in the circumstances is to set up a central insurance organisation for this purpose. It can operate by maintaining live contact with the export trade by enlisting the participation of the new export promotion councils, and where they are not existing, by the co-operation of trade organisations. The compelling need for the rationalisation of the export trade offers favourable climate to push up the scheme.

PUNJAB FINANCIAL CORPORATION

THE TRENDS in the loan operations of the Punjab Financial Corporation for the year ended 31st March, 1955, are important for the reason that this Corporation has been in the forefront of State Finan-

cial Corporations. Unlike in the case of most other corporations, comparable data are available for the Punjab Financial Corporation for two full years. The Corporation has now emerged from the preparatory stage and its initial working offers satisfactory proof of sound loan policies. The actual balance left over after essential appropriations out of the net profit of Rs. 2.39 lakhs is Rs. 1.39 lakhs and it represents the amount available for meeting the obligation of the guaranteed dividend on paid-up shares. It is short of the total dividend amount due under the guarantee by Rs. 1.61 lakhs which is to be made good by the State Government. It shows encouraging progress in the working of the Corporation. The amount of deficit which the State Government was called upon to make good in the previous year was as high as Rs. 2.09 lakhs. This is remarkable improvement in a short time.

Comparative figures for the financial year 1953-54 and 1954-55 need careful analysis to arrive at the real nature of the change in the trends of the Corporation's leading operations. As against 94 applications for loans of the value of Rs. 123.15 lakhs in 1953-54 there were 45 applications for loans of Rs. 39.12 lakhs in 1954-55. Far from indicating any decline in the Corporation's loan activities, this change shows a healthy development. Industrial schemes for which the loans are required are now well planned on sound practical estimates. This is evident from the fact that in 1953-54 only 20 applications for a total amount of Rs. 28.52 lakhs were sanctioned as against 26 applications for an amount of Rs. 20.77 lakhs last year. Another indication of the improving tone of applications is the marked decrease in the number of rejections, lapses or withdrawals.

The post-sanction state of affairs reveals the margin of non-utilization and abandonment to be substantial chiefly because there was an initial rush of schemes of industrial expansion on the strength of the credit provided by the Corporation. Up to 31st March, 1955, an aggregate amount of Rs. 42.29 lakhs was sanctioned out of which Rs. 25.25 lakhs were not availed of. A vital reason for delay in utilisation is the defective nature of title to property offered as security. The incentive given by the provision of a rebate of half per cent in the rate of interest for punctual repayments of amounts of instalments due has proved effective and it has substantially minimised the extent of defaults.

CEYLON'S TEA EXPORT SUBSIDY

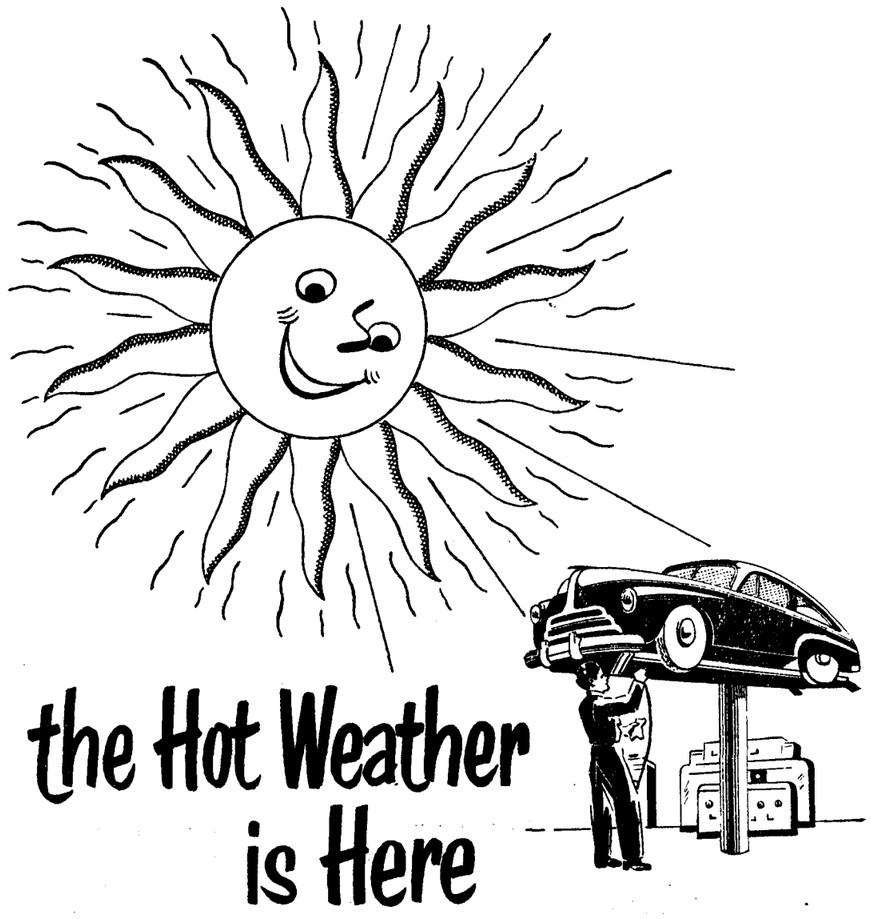
THE VITAL part which tea plays in the economy of Ceylon has made it incumbent upon the Ceylon Government to take all precautionary measures to maintain stable export price levels for this key commodity. In recent weeks, a definite downtrend has taken place in tea prices and to this is added the threat of a shrinking demand for Ceylon teas on an appreciable scale. Tea interests in that country have succeeded in persuading the Government to accept commitment to the policy of price support by offering subsidy to exported tea. A scheme of subsidy has been announced to take effect from May 23 last. Broad features of this scheme are now available from the details given by Sir John Kotelawala at a Press conference. In terms of this scheme, all teas which are catalogued and sold at the auctions as first-hand teas at a price below Rs. 1.50 per pound are entitled to receive a subsidy equivalent to the difference between the minimum auction price of Rs. 1.50 per pound and the price actually realised, with a proviso that a ceiling of 50 cents per pound would be imposed on it. In case any tea remains unsold at an auction for want of bid and when lack of sale is not due to withdrawal, the Tea Controller has been vested with discretion to buy it on suitable valuation. Sir John explained that this policy was anticipatory and no impression should be formed that the emergency has actually arisen in which the Government would be called upon to act up to its commitment.

The immediate cause which necessitated the adoption of the policy of subsidy in Ceylon was the withdrawal of Australia from the Colombo auctions for the time being. Australia is Ceylon's main buyer of midlings and her intake is of the order of 60 million pounds per annum which works at an average of 1.2 million pounds per sale. There was no alternative market for medium grade teas and hence the stagnation in the auctions. The interim nature of the scheme of subsidy is clear from the fact that Australia's return to the Colombo auctions is expected in the near future when her stocks of accelerated purchases will be absorbed by the distributive agencies. In so far as the London auctions are concerned, Ceylon tea interests express the view that the floor has been reached and revival in prices will not be postponed long. Price fluctuations in London, however, had no direct bearing on the formulation of the subsidy scheme.

TRANSPORT MUDDLE DRAGS ON

THE PUNJAB GOVERNMENT'S muddle over the policy on road transport still continues. In spite of the delays caused in forcing through the scheme of nationalisation, it remains adamant in its decision to take over the 42 routes now served by private operators. The Transport Ministry of the State has got embroiled in local politics, but apart from the provincial wrangles, finance has posed a problem in the execution of the policy. It will be recalled that the Planning Commission's recommendatory ban on the nationalisation of road transport until the end of the second Five-Year Plan applies to freight services only. It has left the door open for the State Government to pursue its pet policy regarding passenger service. It is not clear why the Government should find it necessary to persist in protracted discussions with the Planning Commission, unless the motive was to secure higher financial contribution from the Centre. It would appear from Press reports that this expectation has been barred. Any additional outlay that may be required for nationalising the services on the 42 routes, consequent on the non-participation of private operators, will have to be provided by the State Government itself. The original plan was to reserve 30 per cent capital holding for the railways and to augment the State Government's investment by Rs. 40 lakhs for taking over the 42 routes in question. The reluctance of private operators to subscribe to the shares of the nationalised services will throw additional pressure on the State exchequer since the total cost of socialising the extra routes will reach the figure of Rs. 82 lakhs which leaves a substantial margin after making allowance for the contribution of the railways.

The State Government is reported to be ready to provide funds to cover the gap. So far no convincing explanation has been offered about this priority assigned to the nationalisation of transport. It certainly cannot be argued that private operators have failed to measure up to the required standards of efficiency in service. The limited experience of nationalisation in the State has not established the superiority of the State-operated services in operational performance. Working costs are not responsive to control. Government's ambition to pose as an ideal employer has failed to appease the employees and there is imminent threat of strike on the nationalised routes to enforce the claim for higher remuneration. If there is no prospect of improvement either in fares or operating efficiency, it would be pointless to rush headlong for more nationalisation.



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The Assam Oil Company, for many years the pioneer of oil search in India, discovered a fresh source of oil recently at Nahorkatiya in Upper Assam. Crores of rupees have been spent in the search and many more will have to be spent on the development of this discovery.

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COMPANY AFFAIRS

ROHTAS INDUSTRIES

In their working during the accounting year ended October 31, 1954, the Rohtas Industries Limited have shown all-round progress. Modernisation, new installations and other changes have resulted in improved working and efficiency of their Power House.

The production of paper and boards has gone up by 30 per cent, while the output of coated boards has doubled. Extension of capacity of the paper and board units, etc., is going an apace and increase in the board plant capacity has partially been achieved. To meet the increased requirements of the pulp and paper factories, the company has placed orders for the lastest type of Mercury Cells and electrical equipment in order to augment the capacity of the Caustic Soda and Chlorine plant. The new plant is expected to go into operation by the end of this year, with an annual production capacity of about 5,000 tons of caustic soda and 4,500 tons of chlorine.

Cement has registered a record output when compared to the performance of the last four years. Here also, modernisation of the first cement kiln has been completed after the close of the year under review. The output of Asbestos Cement Corrugated Sheets has gone up by 50 per cent and plain and tile pattern sheets have been introduced into the market and have been received well.

Whereas the sales of the company have advanced from Rs. 543.98 lakhs during the preceding year to Rs. 671.61 lakhs in the year under report, profits show an increase of around 80 per cent from Rs. 37.44 lakhs to Rs. 66.20 lakhs during the same periods. Raw materials, packing etc., have cost the company Rs. 98.35 lakhs more than the previous year's Rs. 302.79 lakhs. In the bill for salaries and wages also, there has been an increase of about Rs. 7 lakhs. The dividend to be paid on ordinary share capital this year has been increased to 15 per cent from 12½ per cent of the previous year.

A summary of the working of the company during the last three years is tabulated below.

(In Rs. lakhs)

Year ended October 31	1952	1953	1954
Sales	603.90	543.98	671.61
Stocks	83.32	67.07	79.52
Cost of raw materials, packing, repairs etc.	396.45	302.79	401.14
Salaries and wages	74.10	68.67	75.72
Profits*	39.16	37.44	66.20
Depreciation	39.70	41.06	43.80
Ordinary dividend rate (per cent per annum)	10	12½	15

*Subject to taxation.

THE ASSAM TIMBER

Once again, during the year ended September 1954 the Assam Saw Mills and Timber Company has suffered a loss—this time a heavier one of Rs. 3.20 lakhs compared to Rs. 0.27 lakhs in the preceding year—notwithstanding the overall prosperity in the tea trade during 1953-54 and the consequent increase in the demand for tea chests. The Directors, however, feel that the capacity of tea chest manufacture is so great that there is overproduction. Also, the road and river communication difficulties mentioned in the previous working report of the company have remained unsolved. The Directors are, nevertheless, hopeful about the help from the authorities concerned in this difficult problem which may not be easy of solution.

The sales of the company were down at Rs. 26.96 lakhs against last year's figure of Rs. 32.14 lakhs, which, however, included the sale proceeds of imported tea chests worth Rs. 13.62 lakhs. Stocks have increased by Rs. 0.90 lakhs to Rs. 5.78 lakhs. The manufacturing expenses are higher this year at Rs. 23.05 lakhs against Rs. 17.71 lakhs last year, as this year comparatively more tea chests were manufactured here.

The amount separated out as a depreciation fund this year is higher by 0.46 lakhs at Rs. 2.01 lakhs. For the second year in succession, the company has not paid any dividend on ordinary shares.

A comparative statement of accounts for the last three years is given below.

(In Rs. lakhs)

Year ended September 30	1952	1953	1954
Sales	0.13	32.14†	26.96
Stocks	1.67	4.88	5.78
Salaries and wages	3.35	4.92	4.79
Manufacturing expenses*	11.50	17.71	23.05
Profit(+) loss(—)**	+1.26	—0.27	—3.20
Depreciation fund	0.47	1.55	2.01
Ordinary dividend rate (per cent)	8-1|3	Nil	Nil

*Excluding salaries and wages.
**After providing for depreciation and taxation.
†Including imported tea chests.

DEORIA SUGAR

Drought conditions in the earlier part of the sugarcane crop life, and then the extraordinarily heavy floods during the monsoon washing away completely several fields, had done extensive damage to the cane of which a small quantity of 10,69,075 maunds were crushed during the year ended August 31, 1954, by the Deoria Sugar Mills Ltd. As a result the average recovery was also poor at 9.87 per cent. Compared to the previous two years, this year's performance is unfavourable for obvious reasons. However, the Government is favourably disposed towards extending assistance in cane development programmes of the mills and the company hopes to take advantage of this and show good results in future. Additions and renovations have been made in the machinery to enable the company to crush at higher speeds.

The sale figures of sugar and molasses were at Rs. 62.44 lakhs for the year. The company made a profit of Rs. 0.75 lakhs during the year, after providing for depreciation, etc. A dividend of 7½ per cent on ordinary shares has been declared.

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COMMODITY NEWS AND NOTES

MOVEMENT OF COMMODITY PRICES

Wholesale prices as measured by the official index (with the year ended August 1939 = 100) exhibited almost a continuous downward movement during the year 1954-55, according to an official review of the movement of commodity prices during 1954-55. The survey of the price tends in respect of food-articles is interesting. Except for a break in July and August 1954, the 'Cereals' sub-group showed a steady fall during the year under review. The index for rice, which stood at 486 at the beginning of the year after a decline to 459 in June 1954, moved up to 488 in September 1954 and thereafter it fell steadily to reach 399 in January 1955, and closed at 416, indicating a fall of about 14 per cent during the year. Prices of wheat continued to decline till June 1954, when its index stood at 412 against 547 in April that year, and then a steady upward movement set in and the index reached the level of 502 in February 1955, but in the following month the index fell sharply to 458.

During the period, prices of jowar recorded a steep fall of about 51 per cent; its index fell to 102 in March 1955, as compared with 208 in April 1954. Bajra moved irregularly throughout the year and at the end it was only slightly lower at 219 as compared with 222 at the beginning of the year. Both gram and dal arhar, declined considerably and the average for the sub-group 'pulses' fell by 37.8 per cent from 450 in 1953-54 to 280 in 1954-55. Tea remained at very high levels. The index for tea which opened at 582, reached the peak level of 808 in January 1955, but by March 1955, it came down to 591. The annual index of tea for 1954-55 was 638 as compared with 434 for 1953-54. The averages for coffee and gur were 550 and 222 in 1954-55, as compared with 594 and 274 respectively in the previous year. The average of sugar for the year at 294 was higher by about 5 per cent than the preceding year's average. As a result the annual index for the 'residual' sub-group showed a rise of 4.7 per cent to 291 in 1954-55.

WHEAT PRICE PROP TELLS

In pursuance of the Government of India's decision to make purchases of wheat in specified mandis where the price begins to fall below Rs. 10 per maund and, following the Centre's sanction of Rs. 12 crores to date as advances to the State Governments concerned for this purpose, it has been reported that about 270,000 maunds of wheat have been purchased by the three principal wheat growing States of U.P., Punjab and Madhya Bharat up to the week ended May 21.

Functioning through its own purchasing agencies at 48 mandis, the U.P. Government has bought the largest quantity of approximately two lakh maunds of wheat during this period. It has also appointed agents at another 52 mandis to get into the market as and when necessary. In the Punjab purchasing agents have been appointed at 26 mandis and the quantity purchased till now is about 20,000 maunds. Madhya Bharat is understood to have purchased about 50,000 maunds.

Apart from these States, in other wheat producing States also purchasing centres have been opened wherever necessary. For instance, in PEPSU nearly 30 mandis have been selected and special inspectors have been appointed to keep a constant watch on price trend. The Governments of Bhopal and Vindhya Pradesh have also taken precautionary measures, but so far the price has not shown any tendency to go below the minimum fixed level.

An additional prop has been provided by the entry of flour mills of Calcutta and Bombay in the markets in Punjab and U.P. for their wheat requirements estimated at around 350,000 maunds for the next six months. This demand has been the result of the complete suspension by the Government of the supply of imported wheat.

COTTON IMPORTS AND EXPORTS

On a review of the position following the suspension of the issue of licences for imports of cotton from non-dollar areas, the Government of India has decided on the resumption, with immediate effect, of licensing of imports of cotton of staple length 1⅛ inches and above from non-dollar areas. This means that top-grade Egyptians and Sudans will be allowed to be imported. As part of the Government's declared policy of maximisation of export trade, it is surmised in cotton trade circles that an early announcement would be made allowing export of even 25 32" in so far as it relates to the unutilised quotas already released. A reduction in export duty on cotton is also conjectured. A top official of the Government of India has been holding consultations with cotton trade interests in Bombay during the week.

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 1954-55 puts the current year's area and production at 9,325,000 acres and 2,944,000 tons, as against 9,360,000 acres and 2,964,000 tons in the partially revised estimate for 1953-54. This shows a decrease of 35,000 acres or 0.4 per cent in area and 20,000 tons or 0.7 per cent in production over 1953-54.

The decrease in acreage during the current year has been shared mainly by Bombay, Punjab and Hyderabad and to a lesser extent by Bihar, Rajasthan and Ajmer. The decrease in acreage in these States has generally been attributed to unfavourable weather conditions at the time of sowing. This decrease in acreage has, however, been almost offset by the increases reported mainly by Uttar Pradesh and to a lesser extent by Madhya Bharat, Himachal Pradesh and Vindhya Pradesh due to favourable weather conditions at the sowing time.

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Company Meeting

THE "SHELL" TRANSPORT AND TRADING COMPANY, LTD.

GREATER OPERATIONAL ACTIVITY RESULTS IN INCREASED SALES VOLUME

Heavy Capital Expenditure Inescapable

Substantially Enlarged World Consumption

Sir Frederick Godber's Views on Oil Prices

THE Annual General Meeting of The "Shell" Transport and Trading Company, Limited, will be held on June 1 at The Chartered Insurance Institute, 20, Aldermanbury, London, E.C.

The following is the statement by the Chairman, Sir Frederick Godber, which has been circulated with the report and accounts for the year ended December 31, 1954:—

THE BOARD OF DIRECTORS

Little more than a year after his resignation from the board owing to ill health, Sir Andrew Agnew, our colleague for so many years, has passed away.

In my statement last year I paid tribute to Sir Andrew's half-century of devoted and untiring service to your company and to the group. I recalled, too, his outstanding work in building up the group's tanker fleet into one of the world's largest and most efficient maritime enterprises. I feel sure you will wish to join in extending sympathy to Lady Agnew and to all the members of his family.

BALANCE-SHEET AND REVENUE STATEMENT

The financial results of the group are reported elsewhere in this statement. The dividends paid to the parent companies for 1954 amounted to £26,841,299, compared with £22,186,010 for 1953. In consequence the net revenue of your company, which consists mainly of dividends from the group, was £10,527,844, against £8,670,523 in 1953.

After deducting the Preference dividends paid and accrued and the interim Ordinary dividend of 1s. per £1 unit free of income tax, paid on January 18, 1955, there remains available for distribution, including the carry forward from 1953, an amount of £9,538,414.

The Directors now recommend a final dividend of 2s. per £1 unit free of income tax which if approved, will be payable on June 8, 1955, and will absorb £6,541,763.

Reference has already been made in this report to an issue during 1954 of 10,902,939 Ordinary shares through the capitalization of part of the company's share premiums reserve.

When commenting on this issue in my statement last year, I said that one of its objects was to broaden the basis of the ownership of the company. You may, therefore, be interested to learn that during 1954 registered Ordinary stock-holders increased by approximately 10,000, and in December numbered over 142,000. You will appreciate, of course, that the number of individuals who own the equity of the company must exceed this figure by a substantial margin, there being no record of those who prefer to be registered in the name of nominees, or of holders of Ordinary stock in bearer warrant form.

By means of such issues from time to time the shareholder has obtained in concrete form acknowledgment of the growth of the assets which his shares represent, and of the business in which they are used.

THE ROYAL DUTCH/SHELL GROUP

The assets of The "Shell" Transport and Trading Company, Limited, are substantially in the form of investments in a large number of companies known collectively as the Royal Dutch/Shell Group. Your company has a 40 per cent, interest in these companies and the Royal Dutch Petroleum Company a 60 per cent interest.

The greater part of these investments is held through three principal wholly owned operating companies—The Anglo-Saxon Petroleum Company, Limited, N. V. De Bataafsche Petroleum Maatschappij, and The Shell Petroleum Company Limited. The managing directors of each of these three companies are identical and at present are: The Hon. Sir Francis Hopwood, Jonkheer J. H. Loudon, H. Bloemgarten, J. W. Platt, F. A. C. Guepin, F. J. Stephens, L Schepers.

At last year's annual general meeting I mentioned that it was proposed to make available a figure of group income for 1954 on a half-yearly basis. The publication of these results, which was made in September, was widely appreciated and favourably commented upon, as affording an opportunity of following more closely the current trading results of the group. I am glad to say that this year we propose to publish similar results on a quarterly basis, and that figures for the first quarter will be available within a few weeks.

I will now proceed to the report on the group financial results for 1954.

THE ROYAL DUTCH/SHELL GROUP REPORT ON THE YEAR 1954

FINANCIAL POSITION

Net income of the group for 1954, after taxation and elimination of minority interests, was £134,474,218, compared with £130,413,373 in 1953.

Higher activity in all phases of the group's operations resulted in an increase in the volume of sales in 1954 of nearly 10 per cent in world outside North America, and of 4 per cent in North America. This improvement was reflected in an increase in group net income before taxation of £23 million. The greater part of this increase, however, has been offset by higher taxation provisions, to which reference is made later. As a consequence of these larger tax provisions, the net income of the group after taxation increased by only £4 million over the previous year. This is a very significant fact.

Out of the 1954 income, dividends of £26,841,299 have been paid to the parent companies—Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, Limited.

Sales proceeds and other income, amounting in 1954 to £1,851,039,043, were higher by £150,324,593 than in the previous year. The greater proportion of the more valuable light products achieved in 1953 sales was maintained in 1954, in spite of the fact that the higher demand pressed more heavily on fuel oils. Geographically the improvement was particularly pronounced in Europe, where it is attributable to the record level of economic activity reached in western European countries during 1954. The increasingly high standard of quality of group companies' products also contributed to the improvement, since it resulted in public preference for them becoming more marked.

In the U.S.A. sales and income of Shell Oil Company were higher, in spite of the U.S. oil industry's general experience during 1954 of more difficult conditions, which were reflected in a reduction of allowable production of crude oil, and in one of the smallest annual increases in consumption since the war.

Costs and expenses of the group rose in total at about the same rate as sales. Operating expenses amounted to £1,044 million in 1954, against £977 million in 1953. In addition to those costs directly attributable to the production, manufacturing, transporting and marketing of oil and chemicals, there are other heavy expenses connected with exploration and with, research, both of which increased. In 1954 group companies spent more than £50 million on exploration in an intensification of the search for new oil; this, like the expenditure on research, is a cost incurred to safeguard our future position.

Depreciation, depletion and amortisation charges were, at £155 million, higher than in 1953 by £7 million. The upward trend in this item during recent years has thus continued, and is likely to do so in the future in view of the high level of present day capital expenditures.

Larger sales have also meant higher sales taxes, excise duties and similar levies, which rose by £58 million in 1954 to a total of £406 million. The steep increase in this item is in great part attributable to the increase in sales in Europe, where these levies are particularly onerous.

Taxation on income of group companies throughout the world in 1954 was £102 million, and was thus £19 million higher than in 1953. This increase in principally due to the fact that taxable income was substantially higher in 1954 than in 1953. The provision also includes certain charges in respect of extra or new taxation levied during 1954 and relating partly to prior years, as is to be expected in operations so widespread and diversified as those of the group. In some years such charges arise, while in other years amounts may be brought back into the accounts. In 1953 these factors operated on balance in our favour, but in 1954 this was not the case.

It must be remembered that income taxes are levied on group companies by fiscal authorities all over the world, in fact by more than 50 different governments. In the same way the income of £134 million is spread over an equally large number of countries, and while a few of these contribute a very significant proportion, no preponderant part is attributable to activities in any one country.

ASSETS AND LIABILITIES

Turning now to the statement of assets and liabilities, you will see that some changes in presentation are made, in order that a more detailed and clearer picture of the financial position may be given. Long-term receivables have been separated from current receivables, and a new item, short-term borrowings, appears under current liabilities. This is made up of bank over-drafts, short-term accommodation bills with banks, and long-term borrowings due within one year; the two last items were formerly included in accounts payable. In addition, separate figures have been shown for cash and for short-term marketable securities.

There have again been substantial increases in property, plant, and equipment, the gross investment in which stood at £1,664 million at the end of 1954. The rise in the figure for investments from £58 million to £104 million is due to a number of causes, the chief of which is the group's initial investment in Iran; there were also other substantial investments in joint production, refining, and marketing enterprises.

Stocks of materials have continued to fall—from £102 million to £92 million—despite the higher level of activities and some rising prices. This is due to the development in group companies of the most modern methods of material indenting and stock control, by means of which they have taken advantage of the easier world markets for materials. The increase in trade has resulted in the value of oil stocks and of accounts receivable rising to £216 million and £199 million respectively.

It is gratifying to note the increase in cash and securities, which at the end of 1954 together amounted to £346 million. Against this improvement, however, must be set very substantial forward capital commitments; moreover taxation liabilities have risen to £129 million, and these must be met irrespective of the course of our future generation of funds. It is essential for our cash position to be strong, in order that we may be in a position to meet requirements for funds in nearly every country in the world, in most of which facilities for raising funds are limited or negligible

CAPITAL EXPENDITURES

Our capital expenditures during 1954 were quite as high as was predicted a year ago. The figures for the past four years in millions of pounds were as follows:—

	1954	1953	1952	1951	Total	1951/54
	£	£	£	£	£	%
Exploration and production ..	110	101	96	88	395	50
Oill refineries and chemical plants ..	57	72	51	45	225	28
Marketing facilities	28	30	30	24	112	14
Ocean-going fleets	27	13	6	3	49	6
Miscellaneous ..	4	4	5	4	17	2
Total £	226	220	188	164	798	100

About two-thirds of these outlays have been met from depreciation and other provisions, and the remainder from the retained earnings of the group.

In the light of information available at present it appears probable that the future levels of capital expenditure will, if anything, be even higher than in the recent past. Since such vast sums are concerned, it is desirable to give an explanation of the factors governing them.

In the survey of activities it is suggested that the rise of world energy demand over the next 25 years may be of the order of 3 per cent annually, in which case demand would double within this period; and that the oil industry will have to contribute an increasing proportion of these great additional requirements. Moreover, the capital expenditure necessary for finding, producing, shipping, manufacturing and marketing each extra barrel of oil has risen considerably in recent years. This trend is attributable to higher capital costs in all phases of the industry—to the ever-increasing cost of finding new oil to replace reserves; to rising costs of capital goods, such as ships; to the public's demand for higher quality products, which entails increasing use of expensive plant such as catalytic cracking and reforming units; and to the demand for a higher standard of technical services, which frequently involves the provision of extra equipment.

In this sense, therefore, much of our capital expenditure may be defensive, and consequently does not offer prospects of any great increase of income. The normal test of profit-earning cannot be applied to such investment, which must be treated rather as a cost of maintaining our business than as new investment on which added return can be expected.

E.C.E. REPORT ON OIL PRICES

The explanation which I have just given you should afford a good understanding of the financial administration of the group's operations, and for that matter of the business of any of the larger companies in the international oil industry. I have given explanations on similar lines in previous years and I hope, therefore, that you have been adequately informed, and so have obtained an understanding of the financial aspects of the industry.

I stress this because recently there has been considerable publicity concerning oil prices arising out of a document published last March by the United Nations Economic Commission for Europe. This document set forth the results of a study made, on its own initiative, by the Secretariat of that Commission for its Coal Committee, and while there seems to have been a serious effort to elucidate for the committee the basis and machinery of prices at present charged for oil in western Europe, the fact that on the authors' own admission the document had to be based on incomplete knowledge of relevant facts, and that its conclusions, as well as many of its statements, are accordingly erroneous and academic, makes it very questionable whether it ought to have been presented to the committee as a contribution of value.

Furthermore, on the accepted precept that a little learning is a dangerous thing, it is even more questionable whether it should, or even would, have been published in the ordinary course of events. However, the decision to publish it was undoubtedly influenced by the fact that before even the coal committee, for whom it was prepared, had had an opportunity of considering the document, leakages of its contents appear to have taken place, and the Press here as well as elsewhere gave much publicity to distorted versions, which alleged that the document accused the oil industry of charging extortionate prices through the machinery of an international oil cartel. Such accusations are not included in the report itself, nor is there any foundation for them.

Nevertheless, these distorted "leakages," and the sensational criticism indulged in on the strength of them, engendered a good deal of interest in the subject generally, whereas probably the report itself, if it had not been so heralded, would not have done anything of the kind, either on its merits as a study or as sensational material. In fact since its publication views on its limitations have been widely endorsed in the Press, as well as by spokesmen of H.M. Government and the U.S. State Department. Nevertheless, in the light of the events which I have described it is appropriate that I should supplement my comments on the finances of the group in relation to certain statements and inferences in the E.C.E. document and the critical expressions which it evoked.

The point, supposedly extracted out of the document, which has been responsible for most publicity is that prices of oil products, such as petrol, in western Europe may be too high. The reasons given for this suggestion are that such prices are linked to prices in the U.S.A., and that the cost of producing crude oil in the Middle East, which is the main source of supply for western Europe, is lower than that in the United States. Actually the document does not contain any such statement in this precise form. This is the interpretation applied by those responsible for the publicity to certain phraseology in it; but since the wording of the document might without too much stretch of imagination carry the implication in question, and since it has been quoted in many quarters as a positive criticism of the industry, it is best that I should deal with it as such.

PRICES AND PROFITS

I am sure that all of you must know that, like most other commodities, crude oil and also oil products are sold on the basis of market prices. Market prices in their movements are not necessarily respecters of costs, let alone costs in one particular area or particular phase of the business. What, therefore, is the criterion by which to judge whether or not, a market price at a given moment is too high?

The total profits of the major oil companies, including our own, represent large sums in terms of money. But the quantity of oil which is sold is also very large, as is the capital required to put it into consumption. I will use our own companies' results in dealing with this question. Our business is primarily financed by our shareholders, who provided the money with the sole object of receiving some reasonable return on it in relation to the circumstances. The profit

of the group for the last year was £134 million, and this means a return on capital employed of less than 14 per cent. We sold 26 thousand million gallons of oil and therefore on all operations, that is on producing, shipping, refining, and marketing combined, our profit margin world-wide was about 1¼d. per imperial gallon. By what standards can either of these results be judged excessive?

Even so, only a small proportion of these profits go to the shareholders in dividends. I explained to you last year in cold terms that, if we are to maintain our business all over the world in strength and in progress, heavy capital expenditure is inescapable; and also that, since the capital requirements of the international oil business have now outgrown the money markets of the world, they can be financed only by retaining in the business an appreciable proportion of earnings. Even in the U.S.A., where capital is much more plentiful, it has been estimated that 90 per cent of gross investment in the oil industry since the war has been financed by funds generated within the industry.

I have already commented on the great increase in energy requirements forecast for the future, and the part which the oil industry is expected to play in filling these. We should be failing in our duty to the public as well as to our shareholders if we did not continue to make whatever provision is possible to enable us to play our part in this expansion. To the extent, therefore, that these future requirements must be financed out of the earnings, it is a complete fallacy to regard such earnings as profits in the conventional sense. Moreover, should prices fall to a point where it became impossible for the industry to make adequate provision for financing expansion, there would be a shortage of oil products, with the consequence that economics would eventually prevail. This would inevitably, after a period of dislocation, bring us back to where we are today, which shows clearly enough what is the influance which must govern prices in the industry.

I would, however, like to put one more test to this question. Are oil prices too high for the economic health of the consumer?

It is impossible to assert seriously that they are since oil products are probably the main victims of taxation all over the world.

You will see from the financial statements that the payments of sales and excise taxes by group companies were three times group net earnings. World-wide they represent over one-fifth of sales proceeds, but in Europe they reach one-third. If petrol in Europe is taken by itself—and its price has been especially criticised—well over half of our realizations represent sales or similar taxes. Such heavy imposts inevitably raise the cost of living since, taking the United Kingdom as an example, four-fifths of petrol used is for industrial and commercial purposes or for public authorities. Therefore, while, it might with reason be asserted that the consumer is paying too much, it is not the basic price which is responsible for this, and Governments must hold the view that the basic price of oil is economically so favourable to the consumer that he can afford to pay much more in the form of taxation.

None of the information which I have now reviewed and amplified is new to you. I have given it in more concise terms in previous years, particularly last year, and it is a curious fact that the authors of the E.C.E. document, seeking knowledge as they obviously were, seem to have neglected industry reports. The same must apply to many of the other critics, who could not have seriously raised some of the questions which they did, if they had had the knowledge which has been conveyed to the shareholders of this company in recent years, and which would have been available by reading the reports, had they made any effort to procure them.

WORLD OIL CONDITIONS

Total world oil consumption in 1954 showed a substantial increase over the 1953 level, for which the latter months of the year were mainly responsible. Though the growth in the U.S.A. was one of the smallest of the post-war years, in the rest of the world, excluding the Russian sphere, it approached the remarkable figure of 10 per cent.

Contributing to this increase was the rising demand for fuel oil, which continued into the early months of this year, and which during the winter months reached such a level that it stretched available fuel oil supplies world-wide to the limit. In consequence the price of that product rose in February of this year. The world's future energy requirements are likely to make further heavy demands on the oil industry, in particular for fuel oil, until such time as atomic energy becomes a significant factor.

A consequence of the unexpectedly buoyant demand for all products over the winter months was the rapid rise of short-term tanker freight rates, which by February last had more than doubled between the trough of midsummer and the peak of winter. At the height of this activity tankers on short-term charter amounted to as much as one-fifth of the total tonnage employed in moving oil, and consequently this rise in short-term rates was a major factor during the winter months in freighting costs. In contrast, the basis used for establishing the freight rates charged by group companies resulted in variations of less than 10 per cent during the corresponding period.

The world tanker position remains in surplus. Though the winter demand brought tankers out of lay-up, at the period of highest demand, there were still over one million tons idle. Moreover, a record total of 4½ million tons of new buildings became available in 1954 and the building programme still continues at the very high level of 8 million tons, about half of which will come into service this year. The creation of this modern tanker fleet with its lower operating costs must be detrimental to the trading prospects of older tankers in a continuing highly competitive market, and their increased scrapping or conversion to other uses will become still more necessary.

The future requires that supplies of crude oil, the raw material from which the industry's manifold oil products are derived, be at all times available in sufficient quantity to fulfil potential demands. This can only be achieved by continuous exploration for new oil discoveries. It will be appreciated that over the past years those prospects which were most readily accessible have already been tested, with the consequence that reserves for the future must be sought, for the most part, in remote and less accessible regions, at the greater depths which modern methods enable the drill to reach, or in off-shore waters. The search goes on, but year by year becomes for these reasons more hazardous, more difficult and more costly.

I have made reference earlier to the large capital sums which the industry is called upon to spend; a considerable proportion arises from the increasing demands for refineries in the areas of consumption. I do not propose to go in detail into the arguments for or against this trend, since they vary widely in the differing circumstances of one country as compared with another. It is, however, as well to sound a note of warning that there is a minimum limit of capacity below which a refinery, if it is to produce the high quality of products increasingly in demand, cannot economically be justified. Self-sufficiency, however, appealing it may be from the point of view of national prestige, can in certain circumstances only be at the expense of flexibility, and hampers the replacement and modernization of equipment which is so necessary. Up-to-date quality at the lowest cost can be provided only if the refiner is in a position to keep pace with the rapid developments in refinery techniques.

RECENT GROUP ACTIVITIES

Bombay Refinery

As has become customary, a separate and illustrated survey of activities is being circulated with this report. The achievements of group companies in 1954 follow the pattern of increasing and intensive activity in all phases of the business, which has been the keynote of past reports.

The wide range of these activities includes the considerable developments in marine exploration areas, of which drilling in the off-shore Texas and Louisiana concessions, in Qatar (Persian Gulf) and the Gulf of Paria (Trinidad) are examples. In the Gulf of Paria, where we operate with partners, oil has been found since the end of the year, though the extent and nature of the find have yet to be determined.

Last year I mentioned that oil had been found in Nigeria. Although since then oil indications have been found in a second well also located in the coastal area, much further work will be required before the value of this discovery can be assessed.

In the refining sphere, Geelong (Australia) started operating in mid-1954 and Bombay early this year, whilst the capacity and scope of our manufacturing facilities are being expanded in many places to meet growing product requirements.

Supplementing the transportation chapter in the survey, a further 19 general purpose tankers of 18,000 tons are expected to be delivered by the builders during 1955, as well as seven of the 31,000-ton ships on order. These deliveries will further improve the efficiency of the fleet.

In February of this year an offer was made by Shell Chemicals Ltd. of £5 million for the acquisition of the entire issued share capital of Petrochemicals Ltd., and in full settlement of the claims upon that company. The terms of the offer were accepted, and Petrochemicals Ltd., has consequently become a group company. The acquisition of this interest gives the group an immediate entry into a chemical field in the United Kingdom which is complementary to its present interests; it will also provide rights in certain new and important fields of chemical research.

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THE SHREE NIWAS COTTON MILLS, LTD.

SATISFACTORY WORKING RESULTS

Realistic Approach for Textile Target Urged

Speech of the Chairman, Shri G. D. Somani

At the Twentieth Annual General Meeting of the Shareholders, held on Monday the 23rd May, 1955, at Shree Niwas House, Waudby Road, Fort, Bombay.

Gentlemen,

I have great pleasure in welcoming you all to the Twentieth Annual General Meeting of the shareholders. The Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1954, have been in your hands for some time and I shall take the same as read.

INCREASED BONUS

As you must have seen, the profits for the year ended 31st December, 1954, are Rs. 20,80,610 after making a provision of Rs. 6,84,105 for depreciation. It may also be noted in this connection that the Award of the Appellate Tribunal had imposed a burden of Rs. 10,28,800 on your Company by way of increased Bonus for 1952 and extra dearness allowance with retrospective effect from May 1953 to December 1954. This additional liability was partly met by the amount of Rs. 2,69,921 that was carried forward last year and the remaining amount of Rs. 7,58,879 had to be met from the profit of the period under review. I have no doubt that you will find the working results shown under the circumstances as fully satisfactory.

Your Directors have always followed the policy of modernising the old and worn-out plant and machinery of your Mills as far as the resources of the Company have allowed. A new printing plant was added recently and is likely to go into production shortly. The scheme of modernising the Ring Frame Department will be completed shortly when the conversion materials for the remaining 10 old Ring Frames are received and replaced. Your Directors have also recently placed an order for 26 additional new Ring Frames which when erected will add to your Spinning Department extra 10204 spindles. I have no doubt that this process of modernisation will enable your Company to run its Mills on an efficient and sound basis in the present competition.

As you are already aware, your Company has taken under its control and management "Shree Madhusudan Mills" from July 1953. This mill had been making heavy losses before, but I am glad to report that its working has been making steady progress ever since it came under our management. A lot of repairs and readjustments had to be carried out in the various departments and some new machinery had to be installed to have a balanced working. A new Printing Plant has also been added and has already started working. Every effort is being made continuously to bring about further improvement in its working.

BONUS SHARES

I would also like to take this opportunity of informing our shareholders that your Directors have decided to capitalise an amount of Rs. 20 lakhs from the Reserve Funds of the Company by issuing one ordinary Bonus Share for every three shares held by our Ordinary Shareholders and the necessary application in this connection is pending with the Controller of Capital Issues for sanction. As soon as the said sanction is received, your Directors propose to issue the Bonus shares in the ratio referred to above, provided there is no new development in Government policy towards the issue of such shares. I am sorry to find that ours and similar applications from various other Companies are held up by Government, as the matter is still under their examination. Since the Taxation Enquiry Commission has thoroughly examined the question in all its aspects and have come to the conclusion that such shares are not taxable, I hope the Government of India will be able to come to a favourable decision on this issue at an early date.

Now coming to the general problems, I would like to first refer to the urgent needs of rehabilitation and modernisation of the industry. It cannot be too strongly emphasised that if this premier national industry is to maintain and improve its working on a sound basis, then the industry must be allowed to modernise and rehabilitate its outmoded equipment on an extensive scale and steps should be taken to introduce rationalized working by gradual stages to bring about the necessary reduction in the manufacturing costs. I welcome in this connection the Development Rebate of 25 per cent which the Finance Minister has introduced in his last Budget and I hope this will accelerate the pace of installation of new machinery and plants in many units. The problem, however, is really very gigantic and complicated and I appeal to the Government, and the Planning Commission to give their proper attention to solve this issue which is of such vital importance to the future well-being of the industry.

I would also like to draw attention to the serious repurcussions which might follow in future if the Government ultimately decide to accept the recommendation of the Kanungo Committee to freeze the production of the Textile Industry at the present level of 5,000 million yards. It can be reasonably assumed that with an annual increase in our population of about 4½ million people and the expected improvement in the standard of living of our people, there would be a substantial increase in demand for cloth and if even the normal expansion of our industry is also not to be allowed, then our consumers may have to pay heavily in future for this policy. I hope when the target for the Textile Industry is fixed under the second Five-Year Plan, a realistic approach will be taken to ensure proper supply of our clothing requirements at fair prices.

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	Preferences	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 ..	381.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
July 1954 ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420 9	351.9	375.7	608.9	382 5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348 8*	377.0	605 4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
April ,, c ..	283.6	397.4	327.8	375.5	541.2	344.8	90.5	100.6	87.5	115.4
Week Ending										
9-4-1955 ..	286.4	400.4*	326.9	376.1	543.0	346 4*	90.5	100.6	87.3	115.8
16-4-1955 ..	282.4	396.9	327.7	375.3	539.8	344.2	90.5	100 6	87.3	115.7
23-4-1955 ..	279.7	392.9	327.0	375.5	538.6	342.4	90.5	100.6	87.6	115.1
30-4-1955 ..	274.9	393.1	328.5	376.0*	537.9	341.0	90.6	100.6	87.8	114.7
7-5-1955 ..	272.4	395.9	328.2	376.9	540.0	340.7	90.6	100.6	88.0	113.8

†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	Bengal	U. P.	Central Provinces		Madras	E. P.	Bihar	All India†
	Bombay			Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpur†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	136
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	370	126	333	141	136	134
February	328	345	207	128	310	384	—	—	326	—	135	—
March	—	340	205	127	—	—	—	—	321	—	—	—
April	—	—	—	—	—	—	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

week-ended	WEEK ENDED 21-5-1955			14-5-1955			7-5-1955			30-4-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	93- 8	88- 9	92-1	93-15	88-15	92- 1	97-15	94-14	96- 5	98-13	96-10	97-11
Silver (per 100 fine tolas)	164- 3	161- 1	162-8	167- 2	161- 3	164- 4	168-13	167- 2	168- 5	171- 2	169- 5	170- 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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
September 1954	1,152,24	26,51	1,178,74	40,02	613,15	653,17	55.41	105,22	421,22	1,178,74
October ,,	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
Week Ending										
1-4-1955	1,291,59	11,25	1,302,84	40,02	626,98	666,99	51.20	102,09	533,75	1 302,84
8-4-1955	1,322,77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1,316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105.84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533,71	1,339,80
13-5-1955	1,331,09	8,52	1,331,09	40,02	661,98	702,00	52.40	103,90	533,71	1,331,09

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
September 1954	137,93	13,37	62,04	34,29	247,63	13,84	271,48	26,74	6,22	117,74	1,09	18,04	95,23	6,43
October ,,	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
Week Ending														
1-4-1955	65,02	61,59	46,27	21,84	194,72	33,06	237,78	11,43	10,63	97,77†	..	48,14	47,78	22,04
8-4-1955	57,81	30,61	44,95	21,52	154,44	32,01	196,45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21
15-4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33,94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33,46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50,09	23,21	47,24	22,08	142,63	34,01	186,64	10,64	12,02	53,76†	80	40,49	41,48	27,44
13-5-1955	51,93	19,24	47,97	22,34	141,28	36,85	188,32	8,57	11,70	52,07†	80	44,52	41,47	29,09

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

ESTIMATES OF NATIONAL INCOME

(Continued from the last issue)

RELATIONSHIP BETWEEN NATIONAL INCOME AND SOME OTHER MAIN AGGREGATES OF INCOME AND PRODUCT—PERCENTAGE DISTRIBUTION

	1952-53	1951-52	1950-51	1949-50	1948-49
1. Net domestic product at factor cost	100.1	100.2	100.2	100.2	100.2
2. Earned income from abroad	—0.1	—0.2	—0.2	—0.2	—0.2
3. Net national product at factor cost=national income	100.0	100.0	100.0	100.0	100.0
4. Indirect taxes including miscellaneous fees	5.7	6.3	5.6	5.4	5 2
5. **Less** subsidies	—0.4	—0.4	—0.4	—0.4	—0.5
6. Net national product at market price	105.3	105.9	105.2	105.0	104.7
7. Net domestic product at factor cost	100.1	100.2	100.2	100.2	100.2
8. **Less** income from domestic product accruing to government	—0.6	—0.8	—0.7	—0.7	—0.6
9. Income from domestic product accruing to private sector	99.5	99.4	99.5	99.5	99.6
10. National debt interest	0.4	0.4	0.4	0.6	0.6
11. Earned income from abroad	—0.1	—0.2	—0.2	—0.2	—0 2
12. Transfer payments	0.7	0.6	0.6	0.4	0.5
13. Net donations from abroad	0.3	0.2	0.1	0.1	0.1
14. *Private income*	100.8	100.4	100.4	100.4	100.6

NET NATIONAL OUTPUT AT 1948-49 PRICES—

In Rs. abja*

	1953-54†	1952-53	1951-52	1950-51	1949-50	1948-49
1. Agriculture, animal husbandry and ancillary activities (a)	48.9	46.0	44.4	43.4	43.6	42.5
2. Mining, manufacturing and hand-trades	16.7	16.4	15.8	14.8	14.6	14.8
3. Commerce, transport and communications	18.6	17.9	17.3	16.6	16.4	16.0
4. Other services (b)	15.4	15.0	14.3	13.9	13.8	13.4
5. Net domestic product at factor cost	99.6	95.3	91.8	88.7	88.4	86.7
6. Net earned income from abroad	—0.1	—0.1	—0.2	—0.2	—0.2	—0.2
7. Net national output at factor cost=national income	99.5	95.2	91.6	88.5	88.2	86.5

NET NATIONAL OUTPUT AT 1948-49 PRICES PERCENTAGE DISTRIBUTION

	1953-54†	1952-53	1951-52	1950-51	1949-50	1948-49
1. Agriculture, animal husbandry and ancillary activities (a)	49.1	48.3	48.5	49.0	49.4	49.1
2. Mining, manufacturing and hand-trades	16.8	17.2	17.2	16.7	16.6	17.1
3. Commerce, transport and communications	18.7	18.8	18.9	18.8	18.6	18.5
4. Other services (b)	15.5	15.8	15.6	15.7	15.6	15.5
5. Net domestic product at factor cost	100.1	100.1	100.2	100.2	100.2	100.2
6. Net earned income from abroad	—0.1	—0.1	—0.2	—0.2	—0.2	—0.2
7. Net national output at factor cost=national income	100.0	100.0	100.0	100.0	100.0	100.0

*Abja=100 crores=10^9.

†Preliminary.

(a) including forestry and fishery.

(b) comprising professions and liberal arts, government services (administration), domestic service and house property.

Source: Estimates of National Income 1948-49 to 1953-54; Central Statistical Organization

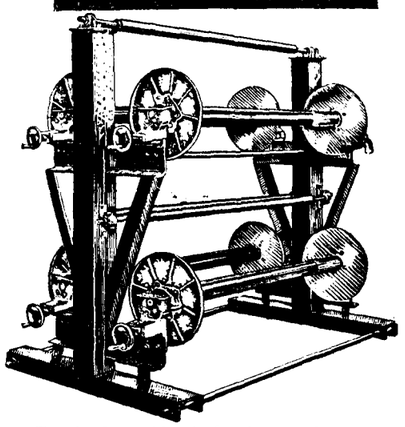
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Why worry!

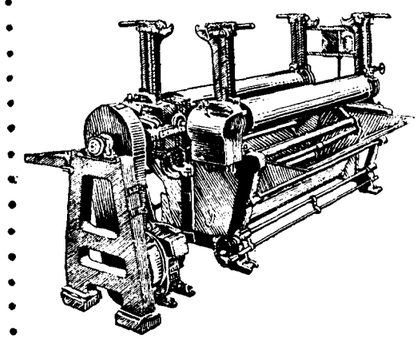
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Tensionless Vertical Universal Sizing Creel to take four beams, anti-friction roller bearings, saves valuable floor space, easy of approch to beam-ends.



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TR/4

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Benjamin Franklin

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Reserve Fund ... Rs. 86½ Lacs

G. D. BIRLA, Chairman — S. T. SADASIVAN, General Manager

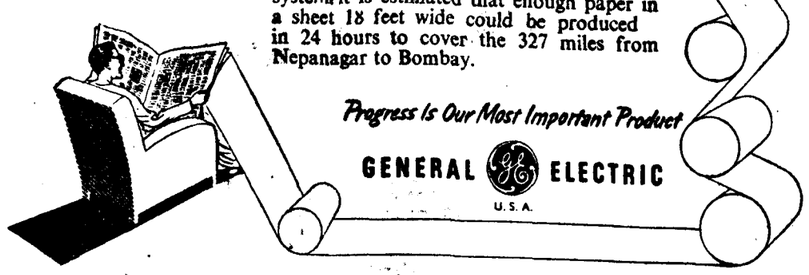
AIP UC-2/55



India will soon be able to meet one-third of her requirement of newsprint when the Rs. 6-crore Nepa Mills goes into full production in a few months time. The only one of its kind on the mainland of Asia, six electronic controlled drives of Nepa Mills will turn, abundantly grown *salai* and bamboo of Madhya Pradesh, into useful newsprint playing a very important role in the development of the country's press and literacy.

The quality and production of paper calls for very critical control of the paper machine drive. The G.E. Electronic Amplidyne Control installed at Nepa Mills will enable one operator to co-ordinate all six groups working at the same time. This highly accurate and modern G.E. drive system is being used by leading paper mills in the United States, Canada and Europe.

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Printed and Published by Dev 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**

MADRAS GOVT. 1955

The Eastern Economist

VOL. XXIV. NO. 22. NEW DELHI: JUNE 3, 1955. ONE RUPEE

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The Verdict in Britain

THE results of the British elections announced last Friday should give India's socialistic policy makers reason furiously to think. The Socialistic view—presented in greater or less measure by the Labour Party and the Benvanites—has been resoundingly rejected. An overall majority of 60 for the Conservative Party may not convey a landslide to Indian politicians, as the Congress is accustomed to a two-thirds majority in practically every State in India. It represents, however, in Britain, probably the upper limit of a preference for the Conservative view. British Labour recognises the full force of the blow which has fallen. It may be that this will be a decisive vote not for five years only. It is conceivable that the Conservatives may be in office for fifteen years at a stretch.

On foreign policy this will make no difference to India. This is a little different from the period when the dyed-in-the-blue Tory view prevailed. The significance for India in the election lies not in policies, but in opinions. The British people have tried out most of the things that the Congress leaders in India think good—crippling taxation, distribution before production at certain levels, controls and so on. In so far as the results of the election last Thursday show anything, they seem to indicate that a clear majority of the British people do not desire a socialistic pattern of society.

What is the reason for the retreat to liberalism? It is legitimate to see the major issue of difference between the two big parties in their differences of approach towards the concept of a Welfare State. Both parties favoured the idea of a Welfare State but they differed on the methods of achieving it. The Socialists, as usual, prescribed socialistic methods, while the Tories advocated in an increasing degree the free economy; and it was largely on the merits of these two policies and not on personalities that the election was fought. The verdict of the British people exhibits their present preference for the free economy against the socialistic programme of nationalisation and collective enterprise. This is a general, and not a particular, verdict. It is not a

comment on the organisation of iron and steel industry during its brief span of State-owned operation. Restriction and collectivism have simply failed to enthuse the voters; it looks to them, not illogically, that the free economy is what gave them more sugar, more meat, lower taxation; at least for another five years the British people seem to desire a policy of freedom in moderation.

The fight in Britain between the two conflicting views of free and collective enterprise as a means of achieving a Welfare State may have some interest in India in view of our strivings for a "socialistic pattern of society". It is argued for the most part without evidence that this latter slogan is what the Indian people desire. The last general election proved that Indians did not show much preference for socialism, but of course in India personalities, not principles, count. It may be different with the Prime Minister leading the socialist view.

What was the Socialist programme in Britain? The Labour Party proposed to introduce bulk buying by the Government and price controls; proposed to renationalise steel and road transport and to nationalise parts of chemicals and machine tools industry; promised to reduce the call-up period of national services and reaffirmed their faith, more than in any other election since the war, on the issue of equality. Besides, they assured firm actions against monopoly along with social insurance, unemployment benefit and old age pension, but these socialistic programmes did not include free medical service. The Labour Party further envisaged nationalisation of all public utility services and all emphasis was placed on restriction, control and collectivism.

As a challenge to this socialistic programme, the Conservatives advocated a policy of expansion rather than restriction and of freedom rather than control, reaffirming their full faith in free and competitive enterprise. They promised appropriate action against restrictive practices and showed that by stimulating powers of free enterprise they could equally live in friendly terms with full employment. They proposed necessary action against further hazards of nationalisation and pleaded for retention of free medical service. The record of the Conservatives in office is impressive and it may be that the standard of living of the British working class was higher than ever before. This result was partly accidental because of the improvement of supply factors but the Conservatives are entitled to some credit for good luck. It is an important political virtue.

The free economy also worked. The economic practice of Britain for the last few years suggests that her economy like our own is more suited to free economic methods than to controls. There are some limitations set by a country's resources. The achievement of the new Conservative Government will be watched with interest all over the world and it will be particularly significant if opinion in India, which sometimes follows British opinion at a distance, is affected. Or is Congress political strategy designed to prevent the correction of an error? It may be that the denial of sufficient opportunity to private enterprise will make the return to a free economy, when the socialistic pattern fails, very difficult; the people of India, unlike the people of Britain, may not have an opportunity to pronounce their verdict in favour of greater economic freedom.

It is not clear that the people of India will look upon the reverse that the Labour Party has suffered in terms of their own political leanings. It may well be that circumstances in India differ widely enough from those in Britain for a different view to be taken on the needs of the country at the present time. In the first place, Britain has a private sector which commands resources, both financial and technical, far greater than those of India. In other words, the private sector can to a substantial extent do the job which it cannot do in India at the present time. Secondly, there is no widespread unemployment in Britain and no radical departure from the existing organisation is urgent there. The feeling in India, rightly or wrongly, is that the growing unemployment problem makes Indian conditions different from those in Britain. Our problems call for more radical solution. While all this is true, one has to recognise that, if the private sector has its limitations in India, so has the public sector. The error in the socialistic pattern of society is that it shuts off incentive in the private sector even when the public sector is incapable of doing the job. What India needs is a system in which both sectors are let loose in the manner which suits them best. Unhappily, politics in India has recently taken the wrong turn in this respect. When will India's leaders recognise, as the British people have recognised, that the State machine is necessary but by no means sufficient?

Wanted: A New Electricity Policy

FOR many months, as seems to be the way of the Ministry of Irrigation and Power, an amending bill to the Electricity Supply Act of 1948 has been in the process of discussion. It is becoming increasingly clear that the Ministry of Irrigation and Power has no deep understanding of the means by which electricity supply is to equal India's vast coming electricity requirements. Part of the difficulty is sheer blindness. When discussions are held with the private sector, it is constantly assumed that the public sector within a short period can come in to supply what the private sector declines. It is forgotten that private concerns are still today purveying 54 per cent of electricity and the major distribution systems are still in private hands. It is true electricity is a great and proper field for the exercise of public management. But the needs of India at the present time are such that nothing can be gained by restricting one sector in order to accommodate another. Both sectors working all out cannot meet the full demand. It is the case of transport, possibly accentuated.

One would have thought that this happy situation in which there was unlimited demand for both the private and public sectors over the next few years would have eliminated a petty and legalistic view of certain provisions of the Electricity Supply Act of 1948. At the present time, however, it seems merely to have provided opportunities for the Ministry to play more than usually for time, and to bargain woefully, bludgeon in hand, with private electricity undertakings. One of the remarkable illustrations of this petty outlook is to be found in the fact that the development rebate which was designed for all large industrial undertakings in the last budget is not proposed to be incorporated in the Electricity Supply Act. With what justification can the Ministry of Irrigation and Power deny electricity undertakings this concession which was, after much deliberation, prescribed by the Finance Minister for all industries?

Private electricity undertakings have not been unreasonable in any of their submissions. In the last six months while legislation has tended to make nationalisation a source into a greater danger than it could possibly be even in 1948 because compensation has become much more a matter of parliamentary judgment, it would be legitimate for electricity undertakings to ask for some greater consideration by way of allowance for capital risk than they received when the original Act was provided. They have, however, not magnified their basic case, which is that electricity supply undertakings, after taxation, should earn a return of 2½ per cent over the bank rate. The fact that they were quite willing to tie themselves to the bank rate shows that they were seeking nothing more than a fair return on their capital investment.

It is clear that until some further assurances are given in this matter, private electrical undertakings will simply not grow to the dimensions required in India's second Five-Year Plan. An editorial in "FRI NEWS", the Quarterly Bulletin of the Fuel Research Institute, India, this week shows the needs of energy requirements in the next few years. It is argued that past trends are not reliable guides for future energy requirements. Obviously, if future energy requirements are to be met, the price at which electricity is supplied must have some relation to the cost of production. At the same time, new industries need a stable pattern of electricity charges so that they know exactly how they will stand over the long period. At the present time the refusal of the Ministry of Irrigation and Power to permit of tax reductions covering actual investment has implied that deferred tax liabilities will raise rates at just the time when rapid industrialisation will require no major change in rates. The attitude of both the Central and the State Governments on this matter is, to say the least, wooden. It is argued that there is no objection to raising rates later, and therefore private enterprise can proceed on the assumption that when the deferred tax liability arises it can recoup itself from the consumer. These assurances are not in legal form, and, in any case, it would be rash to act upon the assumption that all additional costs will be permitted to be passed on to the consumer. Even were they guaranteed by an Act, they would still not be in the country's interest. It is obviously desirable that there should be an enhanced rate now and a surplus of power than that high prices should be permitted theoretically at some undefined further date and, meanwhile, there should be continuous scarcity.

These are all elementary points. It is unfortunately necessary to stress them. Again, it is necassary to admonish the public sector against a dog-in-the-manger policy. It has not the machinery to provide all the power required of itself; can it not have the imagination to give to agents equipped for the purpose the necessary incestives for fulfilling the country's needs?

Planning in West Bengal: The First Round

WEST Bengal has been very much in the news during the past few days. The Chief Minister of this problem State, Dr. B. C. Roy, is reported to have posed quite a problem particularly to those eminently satisfied with the Plan frame for the second Five-Year Plan. If newspaper reports are to be believed, Dr. Roy will not follow the model set by the Centre. He will draw up the Plan for his State in conformity with what he thinks should be the targets and objectives and not what Prof. Mahalanobis or the panel of economists thinks.

While Prof. Mahalanobis is clearly wrong on many points, Dr. Roy is not necessarily right. In a Memorandum submitted to the Planning Commission, Dr. Roy is reported to have stated that the Plan as presented by the Government of India before the meeting of the National Development Council held in Delhi on May 6, 1955, is unpractical both as regards the total effort which is envisaged, and as regards the manner in which this total effort is proposed to be applied in different directions. His blunt comment is that the entire approach in the imposing calculations is an example of putting the cart before the horse.

Broadly speaking, Dr. Roy's criticism is twofold. Firstly, the tentative magnitude of the All-India Plan for the second Five-Year Plan period is of the order of Rs. 5,600 crores, of which Rs. 3,400 crores represents expenditure on public account—both at the Centre and in the States. The expenditure proposed in the public sector would thus be double the level of expenditure under the current Five-Year Plan. How is this to be financed? The Government of India and their advisers seem to think that most of this can be financed through taxation and voluntary savings: If any deficit financing has to be resorted to at all, it should not be more than Rs. 1,000 crores and this amount is considered to be quite "safe" in the context of the increased production which would take place in the second quinquennium. Dr. Roy disagrees on both the counts. As regards financing through additional taxation, he says that there is very little scope for further revenues being raised through taxation. Industry and business, he points out, cannot afford to bear a burden heavier than what is already being borne. On the other hand, in a democratic set-up, the masses would refuse to be saddled with additional taxes on consumption. As regards the possibility of raising money through voluntary savings, Dr. Roy says that it is mere wishful thinking. People can save only when they have a surplus and, according to Dr. Roy, they do not have, and are not likely to have, such a surplus. The emphasis laid by the Government of India on the development of capital goods industries and on the construction of dams and various irrigation projects makes the accrual of consumption goods all the more difficult: with relatively limited quantities of such goods being produced, the scope for savings and capital formation becomes severely restricted.

The second criticism of Dr. Roy is that the different major heads under which money is provided would lead to lop-sided development, thus seriously injuring the prospects of balanced growth. He is definitely against undue emphasis being laid on the construction of dams, factories and other capital installations which take time to be reflected in a rise in the standard of living. He would, therefore, like to concentrate on the development of agriculture and small-scale industries. This latter effort would require very little capital outlay in the beginning. "The existing capacity of land and craft-equipment can be worked more fully to produce extra goods to satisfy many simple but pressing needs. Local producers in different lines can be brought together, their mutual requirements can be ascertained, and their extra output can be set off against one another."

It is in this second criticism that Dr. Roy has committed a serious blunder. To argue that the construction of dams, factories and other capital installations should be given a lower priority is to overlook the fact that these represent the essential wealth of the nation. And to plead for further utilisation of existing capacity of land and craft-equipment in preference to land reclamation and large-scale production is to put a permanent premium on inefficient methods of production. Would the country be better off if we continued to import our heavy capital goods from abroad? Would the wealth of the nation increase if we did not push on with our river valley projects, hydro-electric schemes and construction of roads and buildings? Dr. Roy has conveniently chosen to ignore these very pertinent and highly important issues.

That Dr. Roy does not seriously believe in the philosophy he has himself propounded is evident from a very cursory glance at the tentative Five-Year Plan he has drawn up for his own State. He still holds tenaciously to his pet project for the setting up of a Coke Oven cum Gas Grid plant at Durgapur. The various electricity development projects envisaged in the second quinquennium also indicate that Dr. Roy does not know his own mind. And what about the Ganga Barrage project which raises so much emotion in the mind of every Bengalee? The same inconsistency could be traced in the afforestation projects costing Rs. 2.5 crores, the Kangsabati Reservoir project costing Rs. 23 crores, the reclamation of the Salt Lakes costing Rs. 10.5 crores, the various drainage schemes costing over Rs. 50 crores and the projects for the development of roads costing over Rs. 25 crores.

As regards the capacity of the country to undertake an ambitious programme of development, Dr. Roy's attitude is stranger still. While he expressed serious misgivings about the ability of the country to undertake a development programme costing Rs. 5,600 crores, he seems to think that, as far as West Bengal is concerned, finance need not be a cause for worry. It is an open secret that the tentative second Five-Year Plan of the State of West Bengal was originally of the order of Rs. 550 crores and even at the series of Cabinet meetings which were held in Darjeeling last month this figure was whittled down to only Rs. 450 crores. The Government of India would clearly be within their rights if they were to ask Dr. Roy wherefrom he is to find all this money, particularly when his budget shows an annual deficit of about Rs. 12 crores. Surely, he does not expect to raise all this money by additional taxation or savings. Or, does he hope that the Central Government would act as the fairy godmother and provide ungrudgingly all the funds that he would require for the successful implementation of his Plan?

It is true that the Plan of the West Bengal Government has not taken final shape yet. Nevertheless, a careful scrutiny of the projects which were discussed at the recent Cabinet meetings in Darjeeling shows that they are over-ambitious, bear no relation to the availability of resources (particularly human resources and the requisite administrative machinery) and lack definite targets or objectives. When it is remembered that the Development Plan of West Bengal during the current Plan period is of the order of Rs. 75 crores only, doesn't it look fantastic to plan for Rs. 450 crores or so for the second quinquennium?

It is understood that the West Bengal Cabinet has directed the various departments to recast their schemes in the light of the new objectives and targets enunciated by the Chief Minister. But what are these objectives and targets? Apart from a directive that the Plan should have as its basis the developmental programme in the Community Development and National Extension Service blocks (it is proposed to have a National Extension Service block in every thana by the end of the second Five-Year Plan period), no clear-cut objectives have been set out either by Dr. Roy or his Cabinet. On the other hand, the pattern of schemes which have been provisionally included in the draft Plan shows that there is no objective, still less a target or targets. The various departments seem to be vying with one another to appropriate to themselves as large a slice of the cake as possible. In the process, the need for co-ordinated development, on which Dr. Roy has laid so much emphasis in his Memorandum criticising the Central Plan, has been completely lost sight of.

It is not unlikely that, in the course of the further discussions which will take place this month, the second Five-Year Plan of the West Bengal Government will be reduced to manageable proportions (it has already been hinted that the total quantum of expenditure should not be more than Rs. 150 crores, which is just double the expenditure envisaged during the current Plan period), but a mere pruning down of schemes will not impart to the Plan that harmony and unity which are essential for development. The basic approach of the West Bengal Government is wrong: planning based on the scale of expenditure approved for the Community Development and National Extension Service blocks would result in inadequate development of the rural areas and complete neglect of the urban areas. Let it not be forgotten that one-third of West Bengal's population lives in towns: although they do not control a majority of votes, they are the most vocal section of the community.



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The Assam Oil Company, for many years the pioneer of oil search in India, discovered a fresh source of oil recently at Nahorkatiya in Upper Assam. Crores of rupees have been spent in the search and many more will have to be spent on the development of this discovery.

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THE WEEK'S NOTES

THE PRIME MINISTER AND THE PLAN

THINKING ECONOMISTS continue to question the practicability of the Mahalanobis plan-frame with its emphasis on the physical approach to planning and its fanciful assessment of the rate of saving and prospects of new employment. The Prime Minister's reference at Wednesday's press conference to the second Plan reflected his wholesale faith in the Mahalanobian plan-frame. He said the Government was being guided by the viewpoint of the majority of economists on the panel who, he believed, had supported the plan-frame. But what is intriguing is the Prime Minister's contention that the basis of the plan-frame in question is democratic, while Prof. Mahalanobis himself has been stressing the physical, and, therefore, the authoritarian basis of his plan-frame. Mr. Nehru confessed that within the frame-work of the democratic structure, planning would proceed and that criticisms to the contrary were based on the ground that the authors of the plan-frame were Leftists. But Prof. Mahalanobis himself has been reiterating his thesis that the question of physical balances had become important in view of the proposed size of the plan, with its arbitrary levels of production and promise of 12 million new jobs and a 25 per cent rise in national income.

The Prime Minister's defence of the plan-frame means that he shares the assumption that the marginal rate of saving during the second Plan would be 30 per cent per annum of the increment of output, an estimate which directly goes counter to the experience of the past few years—and officially confirmed by statistics—that it has not been more than 15 per cent. It is a pity that there is no one in authority, not even any member of the Planning Commission, who could take courage to tell the Prime Minister that the official statistics, for which Prof. Mahalanobis, as Director of the Central Statistical Organisation, should himself take credit, completely refute the inflated figure of marginal rate of saving now put forward by the Professor. The fact of the matter is that if India's marginal rate of saving is only 15 per cent, it is extremely difficult to finance the contemplated expenditure of Rs. 6,300 crores in five years—except by letting loose runaway inflation.

A TIMELY GESTURE

BY RELEASING four of the imprisoned U.S. airmen, China has made a timely gesture of goodwill which is likely to lessen tension in the Far East and may facilitate settlement of the Formosa crisis. India has some reason to be satisfied that her mediation bore fruit in some measure of which the release of the airmen is a concrete instance. It was at the concluding stage of Bandung talks that China adopted a conciliatory attitude which gave renewed hope of a constructive approach to tackling the outstanding issues including the airmen's release. What precise part Mr. Kishna Menon played in this case is still undisclosed. But it is widely believed that Mr. Krishna Menon's recent visit to China had an immediate bearing on the release at this juncture.

There are still more Americans in Chinese prisons whose release is a matter of vital concern to the United States. The initial act of release is appreciated as a token of goodwill, but America cannot rest content until her other nationals lying in prison are also set free. If China really desires peace and genuine negotiations with the United States over Formosa, she ought to move the full way in this matter. The atmosphere thus created will be propitious for negotiations on all outstanding questions. The favourable reaction created by this act of sagacity ought to be sustained and deepened by removing the remaining impediments to a full discussion of the whole range of problems between the two countries.

America's response in allowing the detained Chinese students to return home gives an unequivocal indication of her readiness to discuss the issues in an atmosphere free from any restraint or reservation.

AN ACT OF SABOTAGE

THE VERDICT given by the Indonesian Committee of Inquiry to the effect that the crash of Air India International's Constellation, "Kashmir Princess", on April 11 last, was the result of an act of sabotage, although it undoubtedly comes as a shock, has corroborated earlier apprehensions about the cause of this gruesome tragedy. The evidence before the Committee was irrefutable and hence, in the situation, the verdict given by it must stand as incontrovertible. Parts of a time-bomb, described in technical parlance as a timed infernal machine, were recovered from the wreckage where they were trapped. The three fortunate survivors from among the crew had also stated in their evidence that the explosion and fire which destroyed the plane came from an extraneous source which had nothing to do with its structure and that the aircraft operated with perfect efficiency without the least trouble. It is necessary to underline the Committee's finding on this issue because malicious suggestions were made in this respect and in particular aspersions were cast in indecent haste on the air-worthiness of the plane. The reputation of Air India International not only stands vindicated but it is enhanced.

This act of sabotage has great international significance and its casts an onerous obligation on the authorities at Hong Kong. Their assertion soon after the crash that more than usual precautions had been taken to prevent any mischief and the premature claim about the possibility of sabotage was remote may be interpreted as an anxious attempt at self-defence. Such an attempt could perhaps have been condoned in an ordinary aircrash. But in this case there was every reason that the Hong Kong authorities should have chosen to refrain from making categorical assertions while a competent verdict was still to come. It needs to be investigated whether the warning communicated by Peking to the authorities in Hong Kong about a dangerous plot to involve the plane and the delegation in grave trouble was taken in all the seriousness in which it deserved to be taken. A heavy responsibility is thrown on the British Government to investigate the crime with the utmost thoroughness and track the saboteurs and trace any possible plan behind it. It has already moved its machinery for this purpose and there is the heartening assurance of Mr. Harold McMillan that his Government would hold a full enquiry into the events connected with the plane while it was in Hong Kong.

CONFERENCE ON AGRICULTURE

THE CONFERENCE of Agriculture Secretaries from all over the States which was held here at the end of the last month had to tackle problems which were relatively free from complications. In the first Plan high priority had to be allotted to projects of agricultural development and in retrospect a verdict may be passed that the targets were fully achieved, partly as a result of the schemes implemented in pursuance of the Plan and partly due to a generous succession of good monsoons. In the second Plan agriculture has ceased to lay claim to that high priority. Now in view of the fact that self-sufficiency in food grains has been achieved there was a note of confidence in the deliberations of the Secretaries that attention could be devoted to ensuring higher standards of consumption with emphasis on supplementary foods.

The target for agriculture for the entire country has been recommended at Rs. 650 crores which is by

any criterion but a modest one. The allocation of funds of this order has been agreed upon in the ratios of an outlay of Rs. 515 crores to be met jointly by the Centre and States, Rs. 43 crores to be provided by the Centre exclusively and Rs. 92 crores to be found by the States on their own. The overall target which the Secretaries agreed upon for agricultural production is an increase of 10 million tons of food grains split up into 8½ million tons of cereals and 1½ million tons of pulses above the level to be reached at the end of the period of the current Plan. The objective of the forthcoming agricultural plan which is to secure higher standards of consumption is to be reflected in raising per capita consumption to a rate of 15.5 oz. of cereals and 2.8 oz. of pulses. On one vital front, however, the State representatives chose to seek convenient refuge in an attitude of procrastination. The problem of resettlement of landless workers on land is urgent and it poses a challenge to the claim of successful execution of land reform. A regular and full-fledged survey of landless labourers and their families as well as of land available for redistribution was urged as a preliminary to objective planning for their resettlement. A survey of such a magnitude cannot be completed in a short time and it is not absolutely essential for this programme.

SOVIET MISSION TO BELGRADE

THE RECENT visit of the top Soviet dignitaries to Yugoslavia, hitherto an outcast in the comity of Communist nations, did not yield much fruit from the Russian point of view. What has come out from informed quarters as the general line of agreement between the two countries falls far short of Soviet's real intentions. The reported lines of agreement emphasize the rights of small nations with special reference to the principles of non-interference, rights of self-determination. There was agreement on liberalisation of Russo-Yugoslav trade. This can hardly be called fulfilment of all Russian desires. The Soviet Union wanted Yugoslavia to line up with other East European Communist countries as, according to the Russian views, Yugoslavia, in the last analysis, was a Communist State and her place lay with the Eastern bloc. But repeated refusals of Yugoslavia on this specific issue made it perfectly clear that she was in no mood whatsoever to oblige Russia.

Yugoslavia could not possibly agree to such a proposal as it was contrary to her policy of active co-existence. She needed no enlightenment on what alignment with Russia really means. She is pledged to follow an independent foreign policy and is not likely to abandon that policy as it may adversely affect her Balkan and other commitments. After the neutralisation of Austria, one of Russia's principal aims in Europe was to create a strong neutral belt extending from Sweden and Finland to the South through Germany. Even in the event of Yugoslavia being neutralised, her position would be nothing better than that of a buffer State—a position which Yugoslavia categorically refused to accept.

Apart from this, a general agreement has been reached, but the ulterior goal of Soviet policy could not be mistaken. While Yugoslavia sees no harm in resuming trade and economic contacts with Russia, she is unlikely to veer away from her post-secession policy.

HOME RULE FOR TUNISIA

THE CONCLUSION of an agreement between France and Tunisia for the first instalment of transfer of political power to the latter is a triumph for moderation on both sides. A major guarantee of working out the agreement on home rule is the support lent to it by the Neo-Destour party whose hands will now be strengthened with the return of its leader, Mr. Habib Borguiba, from exile. This will be an element of added strength to Premier, Ben Anwar. French settlers in Tunisia and extreme nationalists in the country have both held out threats of radical action to undo the good work of the settlement. If the agreement on this first limited instalment of home rule is carried out in a real spirit of a determination to end colonial rule, extremists on the two sides will be neutralised in course of time.

In terms of the agreement, which, however, awaits formal ratification, control of internal police is to be transferred fully to Tunisians in two years and of administration of justice in twenty years. External relations, defence and maintenance of order on frontier are to be the responsibility of the French Government. This schedule for self-government may look too tardy against the background of the rapid post-war emergence of ex-colonial countries to a sovereign status. But the French have shown less understanding than the British and Dutch colonial powers in recognizing the spirit of a new era. However, there can be no finality about this schedule of transfer of power and once the process of devolution has been launched in its limited measure, political wisdom would lie in accelerating its tempo. This result is, to be frank, inevitable.

The French population in Tunisia has been granted safeguards in regard to its educational system and institutions, its representation in town councils and preservation of linguistic freedom. It would be naive to assume that all would go well and no danger need be suspected to be lurking. The French settlers have held out open threats, in concert with their compeers in Morocco and Algeria, to overthrow by collaborated effort any settlement that makes for concessions to the nationalists. The two colonial possessions of France are in great ferment at the moment and the danger of the wave of violence spreading fast is too real. It will be lack of political imagination to believe that home rule in Tunisia will not produce its powerful impact on Morocco and Algeria. The way of prudence in the interest of permanent friendship and mutually beneficial relations, therefore, lies in straightening the tangle in these two possessions in good time.

MR. N. M. JOSHI

THE DEATH of Mr. N. M. Joshi will be widely mourned all over India. In his death the trade union movement has lost one of its greatest champions and India a noble son. It has been truly said that with him ended an age. He was one of the few who founded the trade union movement in India and for more than three decades up to the last day of his life he remained closely connected with it and struggled to develop it in the right direction. He did a pioneering job in establishing healthy trade unions and setting before them the high values of democratic trade unionism free from the pernicious influence of political ideologies. Politically, he belonged to the old school of liberal traditions and moderate views. He was one of the idealists of the last generation who dedicated their lives to the service of the country. He began his public life in the Servants of India Society and strove hard to achieve rights and privileges for the Indian working class. The last three decades saw a number of legislations for the welfare of the working class and with most of these Mr. Joshi was intimately connected. His greatest achievement, however, was the inspiration he provided for the enactment of the Workmen's Compensation Act.

Mr. Joshi strongly disapproved the later tactics of introducing political differences in the trade union movement and he was distressed to see the formation of a rival all-India trade union organisation motivated by political ends. He was a man of selfless devotion and service and even those who did not agree with him held him in high esteem for his rational and mature views on labour problems.

WORLDGRAM

AGRICULTURE

Taiwan's Agricultural Production: The Provincial Food Bureau of Taiwan has reported that agricultural production, with the exception of bananas, was generally larger in 1954 than in 1953. The total value of agricultural crops in 1954 was about NT$464.2 million. Rice, sweet potatoes, wheat, peanuts, and soyabeans accounted for NT$332.8 million, or 71.6 per cent of the total; sugar for about NT$72.9 million, or 15.7 per cent; and bananas, pineappels, citrus fruits, tea, jute, tobacco, and citronella oil for about NT$38.5 million, or 12.7 per cent. The 1954 production goal for unpolished rice of 1.7 million metric tons was not achieved. The rice acreage, in 1954 was less than in 1953 by 1,723 hectares. Thus the 1954 production of 1.7 million metric tons of known rice indicated an increase in output per acre in camparison with the 1953 yield of 1.6 million metric tons. The production of foodstuffs exceeded the record of 1953 by more than 53,000 metric tons. The Taiwan Provincial Department of Agriculture and Forestry and the Food Bureau have also announced the following acreage and crop yield targets for 1955: rice, 825,000 hectares, 1.8 million metric tons; wheat, 17,000 hectares, 21,000 metric tons; sweet potatoes, 222,000 hectares, 2.5 million metric tons; peanuts 95,000 hectares, 81,000 metric tons, and soyabeans, 30,000 hectares, 23,000 metric tons.

*

Agricultural Progress in Burma: Production of most agricultural crops in recent years has increased from the low level of 1949-50. Although agricultural production in 1952-53 was 8 per cent above that of 1951-52, it was still 19 per cent below the average of 1936-37 and 1940-41. However, the output of some minor crops such as sesam, tobacco, millet and wheat has been larger than before the war. The improved security conditions in 1952 and 1953 enabled farmers to increase the acreage under crops and to improve cultivation, thus increasing yields; yields of paddy per hectare in 1952-53 slightly exceeded the 1934-35—1938-39 averages. The serious post-war shortage of draught cattle had disappeared by 1952. The Government's Five-Year Agricultural Development Programme to restore agricultural output to the pre-war level by 1956-57, is to be achieved by grant of subsidies and cheap credit and by direct investment. Out of a total investment programme of K565 million in 1953-54, K41 million was earmarked for agriculture, of which K11 million was for irrigation. Other projects worth noting are the proposed increase by 200,000 acres of the area under cotton by 1956-57 and improvement of the quality of cotton, the establishment of the first government cotton seed farm for long staple cotton, and the scheme for the expansion of jute production.

*

Rice in Asia in 1953-54: Of the world's rice production (excluding that of the U.S.S.R.) of 166,500,000 long tons in 1953-54, India accounted for 39,882,000 long tons, Pakistan for 13,457,000 tons and Ceylon for 534,000 tons—in each case, a substantial increase over the figure for the previous year. Figures given of yield per acre of milled rice in Asian countries showed Japan had the highest yield, with 20.1 cwt. per acre in 1953-54, followed by South Korea, with 13.1 cwt. Figures for India, Pakistan and Ceylon were respectively 7.1, 7.5 and 8 cwt. per acre. Shipments of rice from the major exporters in South-East Asia amounted in 1954 to some 2,750,000 tons, about 280,000 tons more than compared to 1953, but still below the level reached in 1951 and 1952. While exports from Burma, at 1,425,200, were 470,800 tons higher than in 1953, from Thailand at 378,000 tons, showed a reduction of 353,200 tons. Shipments from Indo-China during 1954 were estimated at nearly 350,000 tons against recorded exports of 184,000 tons in 1953. Exports from India during the period July-December 1954 totalled only 5,600 tons. However, in 1955, increased shipments from India were exported. As far as Pakistan is concerned, it was reported that 210,000 tons surplus from the 1954-55 rice crop was available for export.

*

Japanese Method of Cultivation in Vindhya Pradesh: About 5,800 acres of land in Vindhya Pradesh have been brought under Japanese method of cultivation. A target of bringing about 25,000 acres under the Japanese method has been set by the agriculture department. One of the adopters of this method Messrs. Ganpat Lohar of village Prithvipur in Tikkamgarh district has been awarded the first prize in the kharif crop competition for the year 1954-55 for having got the best yield of paddy from one acre of land namely 98 maunds 20 seers. This has broken all previous records of the State. Additional yield due to adoption of this method was 2,000 tons.

INDUSTRY

New Hydro-Electric Scheme for Scotland: A new hydro-electric scheme for producing about 17,600,000 units of electricity annually to help meet the rapidly growing demand in the Kintyre and Knapdale areas of Argyllshire has been prepared by the North of Scotland Hydro-electric Board. It will harness the waters of Loch Glashan, which has a natural catchment area of four square miles; this will be supplemented, by means of diversion aqueducts, to make use of rainfall on a further 20½ square miles. Water will be collected behind a 45-feet-high dam, 1,100 feet long, and led by a tunnel and pipeline 5,500 feet long to a power station with an installed capacity of 4,200 kilowatts on the shore of Loch Gair. The scheme is estimated to cost £1,300,000.

*

British Colliery Equipment for India: Shipment to India of two 175 h.p. electricially-operated single-drum haulages from the Chesterfield works of a British firm marks the completion of a recent contract for the supply of colliery equipment to the Digwadi and Sijua collieries of the Tata Iron and Steel Company. The contract, valued at over £40,000, concerns a total of five haulages, each over 18 feet long, 12 feet wide and 10 feet high, and each weighing 33 tons. The haulage drums are 8 feet in diameter, and 5 feet 6 inches wide, giving a one-inch rope capacity of 1,200 feet. The rope speed is eight miles per hour. The most up-to-date safety features have been incorporated in the haulages, each of which is fitted with a dual brake operating gear. The brakes are automatically applied to the drum.

*

Sugar Factories in Punjab: Two complete sugar factories are to be erected for co-operative societies in Punjab (India) by a Scottish firm, which will go into production towards the end of 1956. Both plants will have a 1,000-tons-a-day crushing capacity, with provision for future extension if necessary. A considerable proportion of the machinery will be manufactured in India. The members of the Scottish Company's technical staff will visit India soon to erect the factories.

*

TRADE

Twenty-three Per Cent Increase in Trade between India and U.K.: Trade between India and the United Kingdom in the first quarter of 1955, showed an overall increase of more than 23 per cent compared with the same quarter of 1954. Up to the end of March 1955, India exported to the U.K. goods worth £55 million taking in return British exports to the value of £32 million. These figures compare with £41 million and £30 million respectively, in the first quarter of 1954 and, with a small amount of British re-exports, bring

the two-way total to £88 million compared with £71 million. Some 65 per cent of India's export trade with the U.K. was accounted for by tea, of which she sent 1.92 million cwt. valued at £35 million compared with 1.09 million cwt. at £22 million in the same three months of 1954. This, in turn, accounted for nearly two-thirds, by weight, of Britain's total tea imports for the quarter, which amounted to 1.5 million cwt. The second largest category of Indian exports to Britain up to the end of March 1955 was £4 million worth of miscellaneous textile manufactures (jute piecegoods, etc.). The most important group of India's imports from the U.K. during the first quarter of 1955 consisted of heavy-engineering goods, accounting for about 60 per cent of Britain's export trade with India. On the other hand, Britain's exports to India were wool and cotton. British cotton manufactures taken by India included £469,000 worth of yarns and woven fabrics, the largest item being 566,837 lb. of cotton yarns (£279,000). Other leading British exports to India included scientific instruments, photographic and optical goods.

*

Trade between Czechoslovakia and West Germany: An agreement on the exchange of goods for 1955 has been signed between Czechoslovak Republic and Western Germany. Czechoslovakia will send to Western Germany, brown coal, timber, minerals, chemicals, products of engineering, textiles, glass industries, etc. Agricultural products like malt, hops, dried eggs, will also be supplied to West Germany. In return West Germany will supply to Czechoslovakia with products of the metallurgical, electrical engineering, non-ferrous metals, chemicals and other industrial products and raw materials. From the food sector, it will supply wine, fish, meat, fodder and other commodities. The list of goods negotiated envisages, in comparison with the exchange of goods last year, a total increase of approximately 20 per cent.

*

Japan's Steel Exports: Japan's export activity in iron and steel products in 1954 showed a remarkable increase in comparison with the 1953 exports. Export to Europe, which was rather active in 1953 declined in 1954. Countries in South-East Asia and South America, which imported 83 per cent of exported Japanese iron and steel products in 1953, imported 88 per cent in 1954. The principal items in the primary products were galvanized iron sheets, heavy plates, bars, heavy rails, billets, pig-iron, and seamless-steel pipes. Bars and heavy rails were in most favourable position in 1954 compared with exports in 1953. But exports of galvanized iron sheets were with a monthly average of about 20,000 metric tons.

FINANCE

Customs and Excise Revenue Collected in the Indian Union: The total gross sea and land customs revenue collected in the Indian Union during March 1955, amounted to Rs. 1,716 lakhs as compared with Rs. 1,457 lakhs in the corresponding month of the previous year. Of the total customs revenue collections, import duties accounted for Rs. 1,302 lakhs as against Rs. 1,190 lakhs, export duties for Rs. 394 lakhs as against Rs. 249 lakhs and customs and miscellaneous for Rs. 20 lakhs as against Rs. 18 lakhs. The total gross collection of Union excise duties amounted to Rs. 1,232 lakhs as compared with Rs. 902 lakhs. During the twelve months, April, 1954 to March, 1955, the grand total of gross customs and Union excise revenue realised was Rs. 29,525 lakhs as compared with Rs. 25,623 lakhs during the corresponding period of the preceding year. Of the amount, import duties accounted for Rs. 14,436 lakhs as against Rs. 12,031 lakhs, export duties for Rs. 4,139 lakhs as against Rs. 3,851 lakhs; land customs and miscellaneous for Rs. 288 lakhs as against Rs. 254 lakhs and Union excise duties for Rs. 10,662 lakhs as against Rs. 9,487 lakhs.

Loan to Israel from Export-Import Bank: An agreement has been signed between Israel and the U.S. Export-Import Bank for a $15 million loan. It will form part of the $30.3 million U.S. Grant-in-Aid allocated so far for the current fiscal year. The loan is to be repaid over a period of 40 years and is interest-free until January 1, 1958. Thereafter it will bear 4 per cent interest on the outstanding balance payable in Israel currency.

*

Central Aid to Bihar, West Bengal and Madras: The Government of India have sanctioned a grant of Rs. 1,03,540 to Bihar for setting up a multi-purpose institute of technology for small scale industries at Sindri. West Bengal gets a loan of Rs. 1,05,500 and a grant of Rs. 66,270 for executing a scheme to set up a training-cum-production centre for wood industries. Madras has been given a grant of Rs. 1,50,000 for the construction of a building for a handicrafts emporium in Madras. The All-Indian Handicrafts Board gets a sanction of Rs. 39,653 for incurring expenditure during the current financial year for a metal-ware exhibition to be held in New Delhi this year. The Board also gets a grant of Rs. 5,400 for the implementation of a scheme for training in the art of toy-making at Kondapally in Andhra.

MISCELLANEOUS

Short-term Practical Training in C.T.O.: In order to relieve the dearth of tractor mechanics in the country and to diffuse the knowledge of repairs, overhaul and maintenance of farm machinery, it was decided in 1953 to organize short-term course of practical training in tractor mechanism, repairs and overhaul in the Base Workshop at Delhi and Bairagarh (Bhopal) for a duration of about three months each. Since then the Central Tractor Organization has been conducting training courses for the benefit of students from engineering, agricultural and other institutions. Trainees up to a limit of 45 are taken for these training courses. Training is imparted for work in the machine shop, the smithy and welding sections, the assembly and vehicle repair sections, the electric section and the instrument and planning sections of the two Base Workshops.

*

Marketing of Handloom Fabrics: An All-India Fabrics Marketing Co-operative Society has been set up to organise and promote the marketing of handloom fabrics both within the country and in export markets. The Marketing Society which has been sponsored by the All-India Handloom Board under the Ministry of Commerce and Industry, will promote inter-State trade in handloom goods, develop export markets and will purchase or facilitate sales of handloom goods manufactured by organisations affiliated to it or members of such organisations. The Society will establish and conduct depots both in India and abroad for exhibition and sale of handloom cloth. The Society will also advise affiliated organisations and members about suitability of patterns for the different markets and provide assistance to them in procuring yarn and other raw materials.

Aluminium Foil in Heat-Reflecting Clothes: Heat-reflecting clothing manufactured by a British firm which allows men to "face" up to the intense heat of furnaces in iron, steel, and glass foundries with comparatively little discomfort was on show at the Birmingham section of this year's British Industries Fair. The clothing is made from an aluminium-foil-coated cloth and gives a high degree of protection to the wearer against radiant heat. In the course of research carried out on the material, it was found that 95 per cent of the heat is reflected away from the wearer, which means that workers will now be able to face the fierce heat from furnace, forgings, and ingots for spells far longer than ever before.

NEWS IN BRIEF

INDIAN

The U.P. Government proposes to bring 1,25,000 acres of land under the Japanese method of rice cultivation in the next rice season. This is expected to yield an additional 7 lakhs maunds of rice.

*

It is reported that the Bhilai steel plant in Madhya Pradesh will need about 850 thousand tons of lime stones annually in the beginning, while 90 thousand tons of dolomites will be required per year in addition to 65 thousand tons of manganese of first grade quality.

*

It is reported that fruit growing would receive special attention under the second Five-Year Plan and horticultural research would be intensified.

*

The citizens of Ujjain have strongly protested against the Government of India's decision to have a forward market at Indore.

*

The Government of India has decided, in Consultation with the Board of Trustees of the Coal Mines Provident Fund, to grant interest to the subscribers of the Fund on their accumulations at the rate of 3½ per cent, during the year 1955-56.

*

The Government Precious Instruments Factory, Lucknow, proposes to manufacture industrial jewel stones. An engineer of the factory will shortly be sent to Switzerland for short term training in this art.

*

Prevention of soil erosion is one of the main problems of Madhya Bharat and the State Government have set up a soil conservation department to check the erosion on thousands of acres of land that takes place every year.

*

The University Grants Commission have asked the universities of Calcutta, Bombay, Madras, Delhi and five regional universities including Karnatak, to prepare a scheme for extensive lectures on social education and cultural programme by university teachers.

*

An Indo-Afghanistan Merchants Chamber of Commerce has been started in Bombay by leading traders, merchants and commission agents dealing with Afghanistan.

*

The Union and State Governments have finalised the plans for the establishment of six salt test laboratories in Cuddaloe, Nanpada, Nagercoil, Kharagooda, Uran and Audi.

*

Two Committees, the Cabinet Committee and the Committee of Secretaries, have been appointed by the Union Government "to bring about close co-ordination at all levels in heavy industry in the public sector".

*

The Rajasthan Government has sanctioned a Rs. 1.75 lakh water works scheme which, when completed, will supply drinking water to six villages near Sikar.

*

It is reported that it is likely that a prohibition programme will be enforced in Delhi on October 2, Gandhi Jayanti. The Delhi State Prohibition Advisory Committee has completed its recommendations regarding prohibition in the State.

FOREIGN

The Pakistan Government is considering a proposal to send a mobile exhibition of Buddhist archaeological relics found in Pakistan on a tour of those countries of South-East Asia and the Far East where Buddhism has considerable influence on sections of the people.

*

The American Foreign Aid Administration has granted $12.6 million worth of Aid to Yugoslavia for 1954-55 fiscal year. These funds will be used for the purchase of cotton, wool, and coal for coking, as well as the settlement of transportation costs arising from the import of these goods.

*

The F.A.O. reports that the Organization is planning a World Survey of Living Aquatic Resources. According to present estimates, the World's water areas provide only about 1 per cent of man's total food supplies and about 10 per cent of his total animal protiens.

*

Japan had a favourable balance of about $100 million in its trade with South-East Asian countries during 1954, thus making a remarkable trade recovery. It, however, fears that, in order to maintain this improvement, it will have to face keen competition from India.

*

The Union of Burma Airways has placed an order for three Vickers Viscount 700-D turbo-prop airliners for delivery in the first half of 1957. Including the initial provision for spares, the order is just worth over £900,000. It brings the total Viscounts ordered so far to 189.

*

A contract under which the Americans will assist in the setting up of a big cement plant in Gresik, East Java, has been signed in Jakarta. The plant is to be financed mainly through a loan by the U.S. Export-Import Bank.

*

Americans spent $1.360 million in foreign travel in 1954, about $80 million more than in 1953. The amount spent in Europe and the Mediterranean areas, including Near Eastern countries was $350 million.

*

Under new processes developed by the U.S. Department of Agriculture (U.S.D.A.), dehydrated potatoe will be marketed as flakes and granules from which mashed potatoe can be made, and as potatoe puffs and potato chips bars.

*

Ceylon and Pakistan have signed a trade pact agreeing to accord each other "most favoured nation" treatment. The pact does not commit either country to any quantities or commodities but stimulates large number of items in which there is scope for trade. The commodities stipulated include rice and fertilizers on the Pakistan side and coconut products on the Ceylon side.

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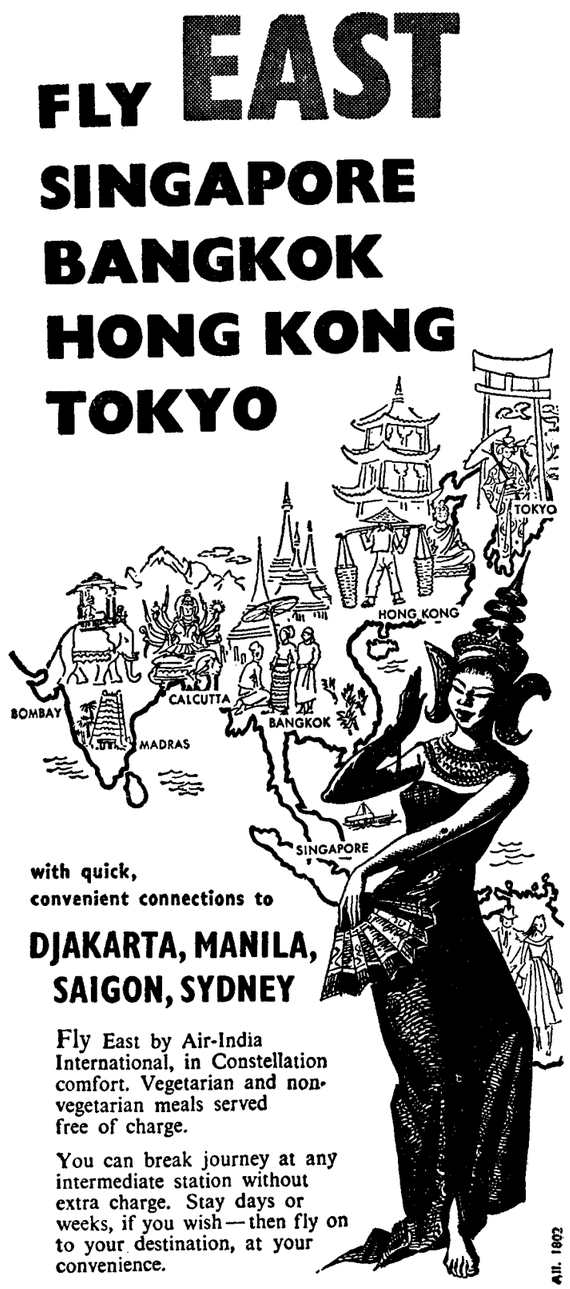
The Finnish Government has formally proposed the withdrawal of visa system between India and Finland. The proposal entails that Finnish citizens can visit India and Indians can visit Finland without visas.

*

Pakistan has signed an agreement with the United States under which the latter has guaranteed American private investment in business enterprises in Pakistan.

*

It is reported that the Italo-Yugoslav talks on the problem of Adriatic fishery will be initiated in Belgrade in June. Talks on credit arrangements which began in March during the visit of the Yugoslav delegation to Rome will be resumed on this occasion.



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A Window on the World

THE ECONOMICS OF BHOODAN

BY

ODYSSEUS

ACHARYA VINOBA BHAVE'S Bhoodan movement continues to hit the headlines, not only at home but abroad. Every foreign newspaper of any importance has published articles—mostly full of admiration—about it, and now an Englishman, Mr. Hallam Tennyson (a great-nephew of the poet) has published a book "Saint on the March" (Gollancz, London. 1955. 13sh. 6d.) which, if I know anything, is destined to be a best seller. This is because at no time has interest in the things of the spirit been higher throughout the English-speaking world than in this Hydrogenic age, and Mr. Tennyson's book is not only a gifted writer's report on Vinobaji's agrarian reform activities, but is also a veritable gospel of his faith, mission, and personality. It is stupid to repeat, parrot-like, that the West ignores the spiritual message of the East, because it is not true, as witness the Western followers of Swami Vivekananda, Krishnamurthi, Mahatma Gandhi, and others.

Mr. Tennyson uses the novelist's technique of reporting long conversations with Vinobaji in direct speech, so that one cannot help wondering how much of these talks and sermons are Mr. Tennyson's and how much Vinobaji's. But as Mr. Tennyson is obviously a sincere and serious reporter who appears to have written with Vinobaji's general blessing, one must assume that he represents Vinobaji's gospel accurately enough. Mr. Tennyson has not written his book on the plane of science or philosophy but on that of religious reality. On this plane the argument is not in terms of logic but of faith, and it follows that Mr. Tennyson is hardly aware of the questions of Metaphysics, Ethics, Theology, Comparative Religion, Political Science, and Economics that he raises on every page. Mr. Tennyson and Vinobaji have probably little patience with persons like me who, while having every sympathy with their aims and aspirations, have not yet attained the level on which we find it possible to disregard mundane questions that persist in presenting themselves—questions which we by no means necessarily ask in a hostile spirit but which need to be answered if the new faith is to mean anything to us.

In Metaphysics and Ethics, Mr. Tennyson makes vast assumptions and begs many questions, but I am no authority in these matters and must stick to those with which I, as an amateur economist and political scientist, feel at home. This week, and next, I propose to set forth some of the difficulties that have occurred to me in hopes that by stimulating discussion they may help to clarify some parts of Vinobaji's gospel of love, which, as an objective, seems to me above criticism.

The Bhoodan movement was launched on April 18, 1951, to aid India's landless labourers by shaming landlords into voluntarily giving land away for love of their fellows. These prosaic words convey nothing of the message of loving kindness, or of the revivalist, evangelical wind that surges through Mr. Tennyson's glowing pages, all of which make an exciting book coming, as its publisher claims, "like a sudden revelation of good news. What refreshment to the spirit of man in the age of the hydrogen bomb! Once again India offers a challenge to the rest of the world".

TO AVOID DISAPPOINTMENT

It is precisely because the emotional and religious appeal of Vinobaji's message, as interpreted by Mr. Tennyson, creates such feelings of exhaltation that one needs to examine at least its physical and economic implications with care, if only to ensure that the rest of the world does not in the end turn against India in sheer disappointment.

From Mr. Tennyson's book, some might feel that if Vinobaji attains his object of collecting 50,000,000 acres by 1957, all India's agrarian problems will have been solved. Landlords will retain no more land than they can work themselves, and every peasant will be contentedly ploughing and reaping his own acres—an idyllic picture. Although he does not actually say so, Mr. Tennyson's pages create the impression that the Federal and State governments have been lamentably remiss in the slowness with which they have tackled the abolition of landlordism and that if only they were to adopt Vinobaji's methods, the agrarian problem would solve itself overnight and India be transformed into that "kingdom of kindness" which is Vinobaji's aim.

Some of the economic facts and figures involved in the Bhoodan movement were set forth in a special article in "The Eastern Economist" of April 10, 1953, and touched on again on October 23, 1953, but Mr. Tennyson's book suggests that he is but dimly aware of these facts and that he is not altogether clear about the economic issues at stake, and as most ordinary people seem to be in the same case as Mr. Tennyson, I will run over the facts outlined here three years ago, and add some comments of my own.

First of all, Bhoodan should not be confused with the various schemes afoot for the abolition of zamindari: these aim (1) to abolish landlords as (allegedly) parasitic middlemen, and (2) to turn existing tenants into owners. This is not redistribution of land but the elimination of a class of rent-gatherers. Bhoodan, on the other hand, aims in the first place at persuading those with superfluous land (a concept that needs to be defined before it can be usefully adopted) to make it over to landless labourers.

From the way in which Communists and others often talk about zamindars, you would think that India is predominantly a land of vast estates. We are in fact a land of small holders. Whereas in Egypt, 20 per cent of the land was until recently controlled by 2,000 proprietors with holdings of over 200 acres each, and whereas in Iran even fewer landlords are reported to control three quarters of the land, it has been estimated that when the Indian census of land holding is completed it is likely to show that only between 5 and 7 per cent of India's cultivated area is in holdings of 100 acres and over.

Conditions vary from state to state, but as a broad generalisation, the problem is not how to break up vast feudal estates but how to consolidate fragmented holdings into economic units with higher productivity. There are estimated to be about 150,000 landowners

with holdings over 100 acres, one third of whom are in Hyderabad State. The 1951 census shows the total cultivated acreage (net area sown) as 268.5 millions, which roughly equals the numbers of the rural population, so that the equal division of all the land among all the people would fragment India on a nation-wide scale and probably send down output on a correspondingly catastrophic scale. To eliminate inequality of holdings would create equality of greater poverty than exists today. Wholesale re-distribution would spread the areas in which peasants lacking savings to invest in seed, irrigation, or fertilisers, would be solely dependent on their labour to extract a bare living.

THE FUNDAMENTAL PROBLEM

We are here up against the fundamental problem of economic equality. The Socialist argues that each should receive according to his need. However that need may be defined, it is clear from the practice of the leading Socialist state, the U.S.S.R., that this does not mean that inequality of income is to be abolished. Indeed, no less an authority than Stalin denounced this as a bourgeois deviation. Bureaucrats, artists, engineers, ballet dancers and other members of what in a bourgeois state would be called the middle classes, enjoy a standard of living as nearly approaching that of the British bourgeoisie as the U.S.S.R.'s national income can afford. The supporter of Free Enterprise argues that economic inequality is unavoidable if the standard of living is to be raised, but that gross inequalities should be ironed out by means of taxation and social services.

The Socialist-Communist solution of agricultural production is not re-distribution but the nationalisation of the land and the creation of collective farms. I object to this because of the compulsion and the bureaucratic tyrannies of control and inspection that follow. But it seems reasonable to argue that for countries with vast agricultural populations, such as India, China, and parts of the U.S.S.R., the higher productivity and raising of the standard of living which is so urgently needed could best be achieved by that mixed economy at which we in India are aiming in the industrial sphere, in which State and Private Enterprise co-exist. Where landlords are getting good crops out of large estates by efficient methods, surely it is against the national interest to disturb successful production and to introduce methods which may or may not increase output in the long run but which in the shorter run (which could last for many years) must cause a decrease. On the other hand, where holdings are unduly fragmented and productivity is low, the case for introducing co-operative methods is strong. Even here I would prefer privately promoted, rather than state created, co-operatives. That Private Enterprise can do this job has been demonstrated by the outstandingly successful Kaira District Co-operative Producers Union (See "Anand Adds To India's Wealth" in this column on June 19, 1953). Kaira is, of course, an example of co-operative marketing, but it should be possible to consolidate fragmented holdings and to introduce joint stock ownership and co-operative management by village panchayat. The difference between this and the collective farm is that in the U.S.S.R. the ceiling of production is set by the minimum necessary to keep out of trouble with the state authorities—and this may be a low minimum indeed—whereas in a co-operatively owned property under private enterprise, there is no ceiling save the intrinsic productivity of the soil itself since the greater the output, the greater each individual's share of profit and therefore incentive to hard work.

I shall ruminate further over the economics of Vinobaji's Bhoodan movement next week.

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RESERVE FUND & OTHER RESERVES	**„**	**4,00,55,696**
DEPOSITS AS AT 31-12-1954	**„**	**1,24,21,26,680**

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BOOK REVIEWS

CAPITALISM IN TRANSFORMATION

The Twentieth Century Capitalist Revolution: By Adolf A. Berle, Jr.: Published by Macmillan and Co., London: 1955: Pages 153: Price 3s. 6d.

American Capitalism is recovering from the shock of current Leftist criticism. It has even begun to stage a "counter-attack." The author takes his point of departure from recent studies of Imperfect Competition and "Oligopoly", in particular from J. K. Galbraith's account of American capitalism in terms of oligopoly and countervailing power.

Mr. Berle offers a study of the role played by American corporations from the larger social and legal points of view. He points out that in spite of their being somewhat independent of competition and the capital market, they are efficient units of service and deliver the goods. They have no doubt developed into centres of power that overflows into social life in many ways. What is needed is to contain them within the framework of advancing ideas of civil and human rights rather than to abolish them altogether, as socialism and Communism seek to do. Mr. Berle urges that as institutions, they have an ineluctable role to play in modern society. Corporations as they have developed in America in the twentieth century are the response of American capitalism to the demands of modern technology, mass production and international markets for raw materials and finished goods. In their evolution and function, they constitute a veritable revolution, far more efficient and humane than the much-boosted Russian Communist Revolution.

Mr. Berle gives a stimulating picture of the work of the great corporations of America in the international field. He draws the moral that the "treaties" they have negotiated with foreign governments and economic units abroad, (as in the oil agreements) and the public relations they have maintained through their trained "diplomats" compare favourably with those of governments! They have built cities, laid railway tracks, arranged international markets for raw materials and finished goods, developed research centres, found their own capital and generally functioned far more smoothly and efficiently than governments. The true line of advance is not therefore to abolish them in pursuance of an unproven dogma inherited from the past century which had in view quite different conditions altogether.

Mr. Berle points out that what is needed is a great development of law to regulate and check the activities of the corporations and encourage the nascent "collective soul" that is struggling to be born in their dealings with customers, employees and workers. He draws interesting analogies from the Curia Regis and the Magna Carta to point his moral. He even refers to St. Augustine's City of God to suggest the need for defining the ethical dimension of all power, political as well as economic.

Transcending the conflict of current ideologies, Berle recognises the need for a mixed economy of State and private action as in the case of atomic energy and aircraft production in America. He wants the State primarily to define the framework necessary to moralise the exercise of power by the corporations.

DEMOCRATIC EXPERIMENT IN S.-E. ASIA

Representative Government in South-East Asia: By Rupert Emerson, Professor of Government, Harvard University: Issued under the auspices of the Institute of Pacific Relations: Harvard University Press, Cambridge, Massachusetts, USA: 1955: Pages 192: Price $3.5.

The book offers an interesting bird's eye view of the present political and social situation in Indonesia, Burma, Malaya, the Philippines, Thailand and Indo-China. It discusses the chances of the success of representative governments in these countries of South-East Asia. The book is unusual in the balance it maintains between description and assessment.

The Introduction and Conclusion contain a challenging discussion of the chances of success that the democratic experiment may be expected to have. The author views the problems of democracy against the ultimate factors needed to ensure the fulfilment of its high aims in a dynamic, contented, wideawake, responsible, national society. He centres his reflections round the dictum of J.S. Mill that though representative government is "the ideal type of the most perfect polity", it requires three conditions for its successful adoption by any people, namely, that the people should be willing to receive it, that they should be willing and able to do what is necessary for its preservation and that they should be willing and able to fulfil the duties and discharge the functions which it imposes on them.

Except Thailand, all the others have been colonial societies ruled for centuries by European Powers. On the attainment of national independence, it has been realised that the numbers of educated and responsible persons willing and able to discharge the functions of a modern democratic government have been too few. And there has been a great gulf between the mass of the traditional society and the modern intelligentsia. The modern elite inspired by the ideas and aspirations of Western civilisation have opted unanimously for a Western type of State and for modern industry. But democracy requires a large middle class accustomed to think for itself and guide its own life in independent business or in the professions. This class is too small.

Also, the West has presented itself to the new governing class in two forms, liberal and Communist. Liberalism has been largely secularist inspired more by science and human rights than by religion. These societies are still bound by the tradition of a bygone age which in many cases carry a high culture. But it is incapable of yielding the norms and ideas necessary for sustaining the new polities of the West with their stress on the dignity of the individual and the freedom of mind.

The author attaches a surprising degree of importance to the idea that modern progress can perhaps be sustained only by certain races nurtured in temperate climates. He ends on a pessimistic note about the great experiment now under way in South-East Asia.

IN DEFENCE OF FREEDOM OF MIND

But We Were Born Free: By Elmer Davis: Published by the Bobbs-Merrik Company, Inc., Indianopolis, New York: 1954: Pages 229: Price $2.75.

This book by Elmer Davis, one of the front rank radio commentators and news analysts in the USA, brings together a number of lectures he delivered in 1953 at Harvard and other places and a couple of notes registering "an annoyed reaction" to certain trends in current opinion. The work has much of the verve and wit of his spoken word and makes good reading. It has the added advantage of dealing with such absorbing themes as McCarthyism, the rear-guard action of isolationists and the "double-think" treatment of memory and history by the Communists. In the last chapter Mr. Davis raises the final question of current civilisation in America (and the world generally)—"Are we worth saving? And if so, why?" The underlying theme

which gives unity and coherence to the work is freedom of mind, which is the key value of modern civilisation.

He exposes in trenchant language the great damage that McCarthy and his Senate Committee were doing to American social life. The details he reveals of the intimidation his group exercised on Americans in all walks of life, of the private detective force he employed even in Western Germany and the UNO secretariat, are breath-taking. While recognising the real menace of Russian power to the security of America, Mr. Davis points out effectively that the McCarthy group were doing nothing to help the Government to halt and checkmate it through enhanced defence measures and alliances. On the contrary they were undermining the American tradition of fearless independence and security guaranteed by the Constitution. He urges that the real casualty in the campaign of McCarthy is freedom of mind. He points out that most of the charges made by the McCarthy group were flimsy and that no fair opportunity was given to the accused to clear themselves.

Mr. Davis is also hard on the ex-Communists like Whittaker Chambers. He deprecates the attention paid to them by the self-appointed saviours of society. He thinks that they are usually people with a closed mind clinging to infallible dogmas. When they recoil from Communism, they display the same trait believing in an opposite but equally monolithic theory.

Mr. Davis believes that there is a creative point of view transcending the ideologies of Communism and fascism. It is that of freedom of mind. It is this value that marks off Western civilisation from its Communist aberration and makes it worth saving. But such freedom needs vigilant defence, for if it is engulfed in Communism, it is lost for ever.

America and the Scandinavian countries and Switzerland are showing the vitality of modern civilisation in preserving the freedom and dignity of the individual and in "passing prosperity around" to all classes. Keep the powder dry by all means but do not suspect anyone without solid reason—may be said to indicate the spirit of the book.

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NEW DELHI,

V. R. SONALKER,
MANAGING DIRECTOR.

A DELHI DIARY

WITH A WHIMPER?

A NEW Ministry of the Government of India, the Ministry of Iron and Steel, is to be born on June 15. The announcement made last Sunday appeared in a routine Press Note which I am taking the liberty of reproducing in full as an example of how romance can be hidden behind a routine Government notification. The Press Note reads: "In view of the importance of developing and expanding the iron and steel industry, the Government of India have decided to constitute a new Ministry of Iron and Steel and the President has promulgated the following order constituting the new Ministry and making the necessary consequential adjustments in the subjects at present allocated to the Ministries of Production and Commerce and Industry:

"In pursuance of Clause (3) of Article 77 of the Constitution of India, the President is pleased to make the following order with effect from June 15, 1955 namely:

"(1) A new Ministry to be known as the Ministry of Iron and Steel shall be constituted.

"(2) The allocation of business to the Ministry of Iron and Steel, the Ministry of Production and the Ministry of Commerce and Industry shall be as follows:

"MINISTRY OF IRON AND STEEL: (1) Government industrial undertakings for the production of iron and steel. (2) Government owned foundries.

"MINISTRY OF PRODUCTION: (1) All subjects at present dealt within the Ministry of Production, excluding those allocated to the Ministry of Iron and Steel, (2) Village Industries (including the All-India Khadi and Village Industries Board), (3) Handicrafts (including the All-India Handicrafts Board).

"MINISTRY OF COMMERCE AND INDUSTRY: All subjects at present dealt within the Ministry of Commerce and Industry, excluding (1) Village Industries (including the All-India Khadi and Village Industries Board), and (2) Handicrafts (including the All-India Handicrafts Board)."

Who could have said, reading this pronouncement, that it settled a large Cabinet crisis and that it is of tremendous significance to the co-ordinated development of the Steel Industry. It is significant that Mr. T. T. Krishnamachari, who is to be incharge of this portfolio in addition to his work in the Ministry of Commerce and Industry, will be incharge of the Bhilai steel plant which is to be set up with Russian technical skill. I am reliably informed that the Russians were not consulted on these arrangements!

CO-ORDINATION AFTER DISPERSION?

On Monday, the announcement of the separate Ministry was followed by the setting up of a Cabinet Committee of Heavy Industries "so as to bring about co-ordination in all levels of heavy industries in the public sector." I must confess that I am a little confused by these attempts at co-ordination. Surely, the original thing would have been to constitute, as in the U.S.S.R., a Ministry of Heavy Industries, and if this was required, a Ministry of Light Industries. I say 'if this was required' because it seems from the plan framework and various comments thereon that what we really want is a Ministry of Cottage and Household Industries. I do not suppose that the Ministry of Heavy Industries is really the last of the Industry Ministries to be formed. Since the Prime Minister is going to the U.S.S.R. this month, he will doubtless see opportunities for proliferation of industrial Ministries, which might be transplanted into India. I have often wondered myself whether there is much point in splitting up industry into many sectors and then co-ordinating them at Cabinet level. Why not co-ordinate industries without splitting them first?

The week has had its fill of Press Conferences. Mr. V. K. Krishna Menon on Monday won the Priority Stakes as he gave out the first news of the release of four imprisoned American airmen, known as the 'Fischer' group. It is believed in New Delhi that the Chinese (tactful as always) were anxious to give some credit to Mr. Krishna Menon who has spared no effort to work for better understanding. There is appreciation of Mr. Krishna Menon's part, and even in unexpected quarters. It was reported here on May 31 that Mr. Dulles, the U.S. Secretary of State, had sent a message to the Prime Minister thanking him for his efforts to obtain the release of the American fliers. I could not gather from Mr. Krishna Menon's statement as to whether this was a gesture which, if not reciprocated, might lead to the remaining eleven airmen being treated as hostages. If this is so, I wonder whether the reception of the gesture can be as warm as Delhi has readily assumed.

SAVING: FORCED OR FREE?

The Prime Minister's Press Conference was so full of observations, both world and domestic, that it is difficult to find a point at which to begin. I was particularly interested in the Prime Minister's observations on the plan and his assertion that India was committed to a democratic way of life. Of course, that does not mean an absence of planning. It does mean, however, it is not for the Indian Statistical Institute to tell the country at what (forced) rate the country is to invest and to save. If, as is contended by "The Eastern Economist", official figures indicate that the marginal rate of saving in India is less than 15 per cent, how, except in a totalitarian economy, can a saving rate of 30 per cent of increment of output be obtained? I keep on asking this question and get no reply. I put it now to the Prime Minister that the plan frame of which he spoke with some little enthusiasm involves components which necessarily imply a great restriction in consumption expenditure which cannot be reconciled with a free choice by the people of India. However, this is only one of many points on which differences of opinion can remain—at least until the U.S.S.R. trip is over!

AUSTERITY PLUS

Last but not least, it has been announced this week that Prohibition is likely to be introduced in its first phase in Delhi State on Gandhi Jayanti day which falls on October 2. Gloom has already descended on many cheerful places, and I must confess that, while I am not similarly affected, I do not view the futue with enthusiasm. Can we not celebrate Gandhi Jayanti in a convivial manner instead of making life more doleful and dreary? Like a large number of dissatisfied people, I suppose we are only happy when we make ourselves miserable!

ARGUS.

Special Articles

BUYERS' REACTION IN WEST BENGAL

THE Bureau of Industrial Statistics, Calcutta, has just released a survey (conducted at the instance of the Government of India, Ministry of Commerce and Industry) of retail markets in certain selected areas in West Bengal. The main objects of the survey were to estimate the market position of various hand-made products, both from the point of view of sellers and buyers, and utilise the data for taking a decision on the extent of technical help necessary for small and village industries. The hand-made products studied in the survey were grouped under ten heads which are set out in the table below.

The survey has filled a number of gaps in our knowledge of retail markets in this country. In this special article, however, it is proposed to analyse only one aspect, namely, the buyers' reaction to existing prices. A study of per head per month expenditure throws important light on the economic condition of buyers. On an average, the expenditure in Calcutta at Rs. 30.9 per month was the highest as against Rs. 22.0 in outstation urban and Rs. 16.5 in rural areas. Essential expenses such as food, fuel, clothing, etc., formed about 80 per cent of the total expenditure, leaving a very small margin for anything else. Naturally, the general tendency of buyers is to go in for cheaper varieties, particularly in the case of such articles as leather sandals, shoes, dolls, and toys and jewellery.

A straight question was put to buyers whether they considered the existing prices high, low or tolerable. Sixty-seven per cent of the buyers felt that prices were high and less than two per cent thought that they were low; the rest considered them tolerable. Those who felt that the prices were high were asked to quote acceptable prices. There is a very close positive correlation between the existing prices and the reductions asked for; higher the existing price, higher the reduction demanded. Also, the coefficients of correlation are statistically significant. In mathematical language, the correlation coefficient of +0.61 for "Agricultural tools" will be repeated in 95 cases out of 100 if similar samples were drawn. The highest coefficient at 0.88 worked out for "Dolls and toys".

The reductions asked for were studied in another manner by calculating a new ratio, namely, the price reduction ratio which is defined as a percentage ratio of the difference between the existing (Pe) and acceptable (Pa) prices to the existing prices, i.e., 100(1—Pa/Pe). The overall picture as revealed in the table below shows that a significant percentage of buyers who felt prices were high wanted reductions ranging from 24 per cent to 38 per cent.

Much more important than the reduction ratio, perhaps, is the rate of reduction demanded at different levels of prices. Regression equations of price reductions on existing prices as set out in the table below make an interesting study. The regression coefficients range from 0.18 for 'Galvanised iron bucket' to 0.31 for 'Fibre mats, baskets and other utility products'. What is the significance of these regression coefficients? Let us study the case of agricultural tools for which the equation works out as Pr=1.46+0.20 Pe. A rise of one rupee in the existing price will be associated with a demand for price reduction of 0.20 rupee or roughly three annas. All other regression coefficients are to be interpreted in the same way. It is interesting to note that these coefficients range between 0.18 and 0.31, i.e., the maximum reduction associated with a rise of one rupee in the existing price will be less than one-third of a rupee.

Possibly there are three reasons for the buyers to ask for reductions in prices:

a. Common notion that prices should fall in the post-war years by at least one-half, seeing that war demand was so high a percentage of total demand.

b. Inferior quality of the goods.

c. The small income margin for the miscellaneous items.

The very fact that the price reductions asked for are different for different goods suggests that the buyers used their judgment and not any vague notion for demanding price reductions. It is also proved conclusively that most of the buyers are satisfied with the quality of the goods. Tables 1.78 to 1.80 on pages 115-117 of the survey (not reproduced here for want of space) clearly indicate that a very large percentage of the buyers approved the quality, durability, finish and design of the goods.

PRICE REDUCTION ON EXISTING PRICES RELATION BETWEEN EXISTING PRICES AND PRICE REDUCTION AND THE RATE OF REDUCTION PER UNIT RISE IN PRICES****

Group	Proportion of buyers (%)*	Average price reduction with marginal error Per cent	Plus or minus	Number of buyers	Coefficient of correlation (r)	Regression equation [Price reduction (Pr) on existing prices (Pe)]
1. Agricultural Tools	58	24.41	3.08	57	+0.61	Pr=1.46+0.20 Pe
2. Cutlery and Fishing Hook	61	33.35	1.80	169	+0.78	Pr=0.96+0.24 Pe
3. Brass and Bell Metal Utensils including Brass Buckets	77	28.12	1.32	363	+0.73	Pr= —0.42+0.29 Pe
4. Galvanised Iron Buckets	67	27.54	1.12	403	+0.39	Pr=3.01+0.18 Pe
5. Pottery and Jugs etc.	60	37.77	1.36	307	+0.72	Pr=0.56+0.29 Pe
6. Ropes and Cords	66	30.79	2.88	85	+0.55	Pr=1.28+0.24 Pe
7. Fibre Mats, Baskets etc.	63	31.25	1.78	212	+0.76	Pr=3.01+0.31 Pe
8. Leather Sandals and Shoes	78	27.90	1.06	481	+0.81	Pr= —2.28+0.29 Pe
9. Dolls and Toys	56	37.10	2.18	119	+0.88	Pr=1.32+0.24 Pe

* Percentage ratio of buyers quoting acceptable prices to buyers who felt that the existing prices were high.
** The data relate to all markets i.e., Calcutta (1st and 2nd Round), outstation urban and rural.

The survey does not offer any answer to the third postulate regarding the small income margin. It is conjectured that the income margin left is indirectly proportional to the price reduction ratio. Also, it is argued that the only way to stimulate sales is to bring down prices (since income levels cannot be raised immediately) by reducing the cost of production which can be made possible through re-organisation and technical assistance at producers' end. Perhaps this is to over-emphasise the production side.

The Bureau of Industrial Statistics, Calcutta, is to be congratulated on a fine piece of analytic work, full of provocative ideas

STATE FINANCIAL CORPORATIONS

WHEN the State Financial Corporations Act was put on the statute book, there was clear appreciation of the limited role which they were expected to play. They were in fact intended to supplement the resources of the capital market for the requirements of long-term industrial investment. More specifically, they were presumed to allocate a substantial part of their funds to satisfy the needs of medium and small-scale units which had several difficulties to surmount in procuring risk capital. The results of the working of some of the State Financial Corporations which were published recently do not justify the conclusion that the assistance which they have rendered to industry in their modest sphere can be rated high. This conclusion, however, ought to be regarded only as provisional since the last financial year ended 31st March, 1955, was the first complete year in the operations of most of them and the earlier accounting period was largely taken up by the preliminary work of organization.

The aggregate value of applications for loans made to individual corporations cannot fail to disclose an attitude of caution on the part of industrial concerns. This feeling of caution is borne out by the relevant figures in the table which appears at the end of this page. The size of requests for loans is to be judged in relation to the level of industrial development in the States and from this angle applications for loans to the tune of Rs. 2.91 crores in Bombay and Rs. 1.58 crores in West Bengal cannot be regarded to be on the high side. One of the reasons of the small size of the amount of the loans asked for in States, where the corporations have been in operation for two full years, is the experience gained by industrial concerns, in the medium and small sector, about the intricacies involved in mortgage banking. Punjab typically represents this fact. In 1953-54 the total amount of loans applied for in that State was Rs. 1.23 crores from which there was a steep decline to Rs. 39 lakhs in the next year. Not a few of the schemes, intended to be financed by the loans, were half-baked and their applications were not pursued just because they fizzled out.

But this factor does not furnish complete explanation for the modest volume of requests for accommodation. The industrialist at any level is not enthusiastic to incur loans for fresh investment as he feels that the economic climate is less conducive now than before to enable him to meet his commitments. This attitude is largely the outcome of the current tax policy, whether in its application to corporate and individual incomes or to commodity taxation. If increasing sacrifice of current consumption is going to be imposed on the consumer, it is obvious that the process of expansion of industry must necessarily be curbed. Nor can the distinct shift in Government's policy towards greater intervention in private enterprise fail to create further hesitation in the mind of the investor. The types of applicants who approach State Financial Corporations for credit are not all owners of small concerns. Units in cotton textiles, engineering, oil crushing and other organized industries are among their beneficiaries and their proporation is quite fair. The ceiling of Rs. 10 lakhs fixed for an individual loan from the corporations gives indication that their clientele would be drawn partly from the organized sector.

There is clearly a large gap between the total loans applied for and loans sanctioned, varying from Rs. 2.23 crores in the case of Bombay to Rs. 19 lakhs in the case of Punjab. West Bengal needs to be treated as an exception, since in this first period of the corporation's career loan operations started at a late stage. In relative terms, the gap has been wide in each State, not excluding Punjab, where accumulations of the previous year have not been disposed of. These delays need not be blamed on red tape, for in loan transactions it would be utterly imprudent not to insist on satisfactory proof of the credit-worthiness of the borrower. An average applicant-unit is not sufficiently armed with full information regarding installed capacity, actual output and estimated increase in production consequent on expansion. In a majority of cases in the non-corporate sector the state of accounts is far from clear which adds to the difficulties of ascertaining the financial status of the borrower.

When these factors are recounted, it needs to be emphasized that quite a number of proprietary and partnership firms (including joint Hindu family firms) find it a problem to offer adequate security for their loans in the form of immovable property and the capital equipment of small units does not command the same

WORKING OF STATE FINANCIAL CORPORATIONS, 1954-55

(Rupees in lakhs)

	Balance of Net Profit for Dividend distribution	State Governments' subvention for Dividend	Provision for tax Payment	Requests for loans received	Loans sanctioned	Loan requests under consideration	Actual disbursements since Inception
West Bengal F.C. (a) ..	0.39	2.14	0.60	158.0	14.50	..	9.50
Bombay F.C. ..	1.07	2.43	1.06	290.93	68,37	128.95	30.17(b)
Hyderabad F.C. ..	1.21	2.00	0.55	95.15	38.56	22.33	26.7 (c)
Punjab F.C. ..	1.39	1.61	0.90	39.12	20.70	37.84(d)	24.04
Saurashtra F.C. ..	2.25	1.25	0.45	62.22(e)	15.40(e)	42.75(e)	6.10

NOTES: (a) For 13 months ended 31-3-1955.
(b) For year ended 31-3-1955.
(c) Includes debenture subscription Rs. 7 lakhs.
(d) Includes arrears of previous year.
(e) Since inception on 12-10-1953.

acceptability by way of security as fixed plant and machinery of large units. Apart from these handicaps, the corporations cannot have any choice or discretion in insisting on satisfactory proof of title to property offered as security. Sometimes, defects in title, discovered at a subsequent stage, hold up payments of sanctioned loans. Actual disbursements since the inception of the corporations have ranged between Rs. 6.10 lakhs in Saurashtra and Rs. 30.17 lakhs in Bombay. The borrower's anxiety to minimise his liability for interest charges and delays in the maturity of the commitments for expenditure of loan amounts will always tend to restrict the volume of disbursements. But it cannot for that reason be denied that they indicate the concrete measure of the actual services rendered by the corporations.

Payment of fixed dividend guaranteed by the State Governments is unlikely to be met entirely out of the net profits of the corporations in the near future. West Bengal, for reasons stated earlier, need not be taken into consideration in this context. Among the other four corporations, Punjab is a noteworthy example which has reduced the amount of subvention from the State Government from Rs. 2 lakhs to Rs. 1.61 lakhs in a year. The small size of subvention required by Saurashtra is to be explained by the fact that an unusually large proportion of its assets—Rs. 84 lakhs—is invested in Government securities. But in each case the aid asked for from the State Government is substantial.

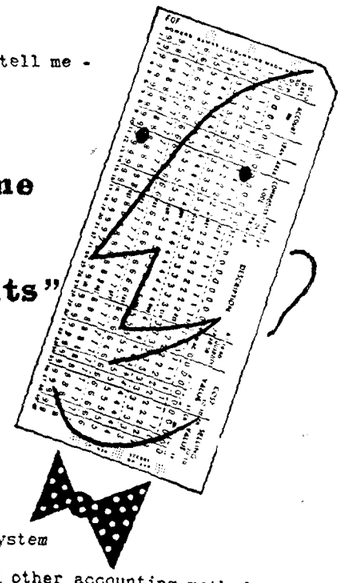
The corporations have made a concerted move, following their conference in August, 1954, at Bombay, to ask for a tax holiday in respect of income and super taxes, for a period of five years. This concession need not be grudged. But if it reduces the liability of the State Governments for subvention towards the dividend, it will be at the cost of the Central exchequer. This is a minor point. The amounts involved are small, ranging from Rs. 1.06 lakhs in Bombay to Rs. 45,000 in Saurashtra on the last year's basis. The material point is that the period of the tax holiday is not going to be a period of transition to self-sufficiency. The need for subvention will persist in most cases. Meanwhile, until loans for long-term capital requirements get into full stride, the corporations may fruitfully employ their spare funds in advances for working capital on a regulated scale. Bombay has already made a start in this direction. The amount, if it is primarily for working capital, is restricted to Rs. 1.5 lakhs on the strict condition that accommodation from a commercial bank is not available in the first instance. This precaution eliminates conflict or duplication. The tests for granting these loans are related to the approved programme of the industrial development of the State.

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Economic Report from the U. S.

LABOUR-MANAGEMENT RELATIONS

DETROIT, May 31.—Events are being shaped here that will have a decided effect on the American economy in the months to come. For at midnight of June 1, the existing labour-management contract between the United Automobile Workers Union and the Ford Motor Company, employer of 140,000 men and women, is scheduled to expire; and on June 7, the Union's contract with the General Motors Corporation, employer of 400,000, also expires. Thus the stage is set for what could be a strike of major significance. A lengthy shutdown in the automobile industry would not only halt the production of cars and trucks, but in so doing it would affect operations elsewhere. Such booming industries as steel, copper, aluminium, zinc, rubber, glass and chemicals are all important automotive suppliers and an estimated 25 per cent of current steel output, for instance, is going to the auto.

Heart of the Union's demands is a guaranteed annual wage (GAW)—what it calls a guaranteed employment plan—to assure a career worker in the auto industry a steady income regardless of seasonal swings in production. If he is laid off, an auto worker would receive from the company benefits equal to his take-home pay for a normal 40-hour-week—a sum approximating $72 a week for a man and his wife and two children. With plants currently operating on an overtime basis, actual earnings of the average auto worker are estimated at better than $100 a week. Heart of Ford's counter offer is a profit-sharing plan that would give its workers a 2.5 per cent annual opportunity to buy Ford stock at half price, with the company paying the other half. Neither a guaranteed wage nor a profit-sharing plan is entirely new to labour-management relations in the United States. About 8,000 profit-sharing programmes are on record, compared with only 500 a decade ago. But for the most part these have been voluntary undertakings by management. In only a few instances have they been subject to collective bargaining, and never on such a scale as in the auto industry.

WAGE PLAN

Guaranteed wage plans, though they have worked successfully in some industries, have been far fewer in number and for the most part they have been confined to industries that do not present the seasonal problems of the automobile industry. Thus, the current negotiations in the auto industry may well be setting new patterns in American labour-management relations. They also may be leading to the break-up of the traditional industry-wide settlements. Obviously, a company will agree only to a contract it can afford but estimates of the cost of the Union's wage plan have ranged from a few million to as much as $250 million a year. Word has gone out from the Union headquarters here that the wage formula finally arrived at with Ford and other auto workers in Detroit need not be applied rigidly with other companies or in other cities. Unions in the rubber, chemicals, textiles, glass, steel and electrical industries are no longer demanding a GAW plan. They are accepting straight wage increases and such traditional "fringe" benefits as improved pension and social insurance programmes.

So far this year, pay increases have averaged between 7 and 10 cents an hour, in addition to fringe improvements far surpassing last year's gains, and these increases have come at a time when the cost of living has changed hardly at all. But the auto Union shows few signs of sacking down. It has indicated its willingness to compromise on terms but not principles. With the lines so clearly drawn, what are the chances of a strike after the June 2 deadline? Even at this late hour, few reactions are being hazarded. The Union and the Companies are still closeted in intensive negotiations. There always is the possibility of a last-minute agreement, of course. But even if no such agreement is forthcoming, there is the further possibility that present contracts will be extended on a day-to-day basis, with workers remaining on the job, until a settlement is reached.

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The Business World

REVISION OF RAILWAY FREIGHT

A SCIENTIFIC revision of railway freight rates, together with a reclassification of goods, has been a long-felt need in the realm of transport, and both trade and industry have repeatedly demanded a thorough and expeditious examination of this vexed issue which, in its present form, has been acting as a curb on the optimum movement of goods and impeding the progress of important sectors of industry. It is now over three months since the Railway Minister announced the Government's decision to set up a special committee to look into the question of freight. But it is surprising that no action has been taken as yet to implement the decision and one is at a loss to know when the committee will be constituted.

At the recent meeting of the Export Advisory Council, making a reference to goods meant for export, the Transportation Member on the Railway Board contented himself with the observation that no specific demand for abatement of freight had been made by those who complained about the anomalous nature of freight rates. As regards transport, he stated that there were serious physical limitations in regard to the supply of rolling stock and that the administration was not in a position to give transport "to everybody, at any moment and at any place". No responsible business man has ever made such a sweeping or peremptory demand, but what has been urged is removal of administrative red-tape to ensure speedier supply and better turnround of wagons. The administration cannot take shelter under the plea that it is difficult to distinguish between what is genuine transhipment and what is speculative movement and, on that score, maintain the "status quo" or victimise the genuine trader. It is obviously the railways' duty to devise the proper machinery for making the distinction.

With greatly increased industrial development envisaged in the second Plan, railway transport has more than ever assumed national importance. As Mr. Shanti Prasad Jain, in his address to the 22nd annual general meeting of Rohtas Industries Ltd., pointed out, railways have not only to provide additional transport by construction of new lines in areas which are not accessible but also have to make movement of raw materials and finished products economical to industry and trade.

As for the rate-structure no one has questioned the propriety of its being framed in such a manner as to be paying for the railways to carry traffic. But what is equally important is, as Mr. Jain observed, to see that the freight structure enables regional and broadbased development of industries. It cannot be denied by our railway authorities that they have not shown adequate appreciation of this aspect of the problem. What has been done so far is a departmental study of the freight structure in 1948, and its steep revision to the deteriment of certain sectors of trade and industry. Subsequently nothing more than the Railway Minister's agreement to appoint a special committee came during his Budget speech in Parliament in February last. What was worse, he simultaneously announced certain increases in freight rates—10 per cent increase for the first 300 miles—without waiting for the constitution of the committee and its findings.

Mr. Jain referred to certain specific products which have been hit by the anomalous nature of railway freight. He instanced the case of chlorine and sulphuric acid which, despite their importance to both industry and agriculture, are not given the same classification as fertilisers. For Rohtas's caustic soda plant, at present the railway freight for salt works out to Rs. 30 per ton, while the cost of Sambhar Lake salt is only Rs. 17 per ton. With the present high freight structure of salt in comparison to coal, alkali industry, in which these two products are used, is proposed to be established largely near salt centres and not near coal areas. This shows that with a comparable freight structure of coal and salt, the industry would have developed in both the areas.

There is no ground to fear that a scientific revision of freight structure will adversely affect railways' revenues. Rather, by increasing the volume of traffic, it will only make for increased income and, at the same time, contribute considerably to the progress of industrial development and internal trade. The earlier the special committee is set up and a rational freight structure ushered into existence, the better will it be for both the railways as well as the trade and industry.

RECORDS & STATISTICS

(QUARTERLY BULLETIN)

Editor: R. V. MURTHY, M.A.

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BUSINESS NOTES

COMPENSATION TERMS FOR AIRLINES

THE TERMS of compensation offered by the Government for the nationalisation of Air India Ltd. and Air India International Ltd. have been announced. The two companies have accepted all the terms of compensation except for one issue which has been referred to the tribunal under the nationalisation Act. The companies have contested the right of the Government to deduct Rs. 4.48 lakhs in the case of Air India and Rs. 7.12 lakhs in the case of Air India International on account of staff leave liability. In the second place, Air India International has demanded the amount of indemnity on account of the loss of Rs. 10.5 lakhs which it sustained in the last pre-nationalisation year in terms of the management agreement entered into with the Government. This claim is pending negotiation between the parties. It would appear from the general tenor of the compensation terms that they are fair and the delay of nearly two years caused in settling the question has been amply compensated by the award of interest at the rate of 3½ per cent since the date of taking over on 1st August, 1953. This recompense is to be interpreted in the background of the fact that the shareholder did not receive dividend for varying periods in the case of the two companies and on the stock market the shares were selling at a discount.

Excluding the point of dispute now referred to the tribunal, the amount of compensation in the case of Air India has been agreed upon at Rs. 1.44 crores and in the case of Air India International at Rs. 2.77 crores. Cash payment is to be made to the extent of 10 per cent and the rest of the compensation is to be paid in the form of bonds of specified denominations carrying interest at 3½ per cent and redeemable in five years—in August, 1958. It is the option of the shareholders to accept the bonds or to claim their value from the two companies. The value of Air India's share comes to Rs. 95.12 plus accrued interest and for Air India International it is Rs. 138 plus interest. The question of immediate interest from the viewpoint of the shareholders is the value at which the bonds will be assessed. Here the offer made by the management is liberal. The companies propose to sell the bonds not asked for by shareholders to institutional investors and other purchasers. In case the bonds are sold to institutional investors or other investors for an average price which is lower than the price at which the shareholder has offered to purchase them, the price which the shareholder will have to pay is the lower average price. Contrariwise, it means that if the average price received from institutional investors and other investors is higher, the shareholder's offer to buy will not be accepted. But in this eventuality shareholders will be entitled to claim their shares in any profit which will be earned by the companies by sales at such higher prices.

RECORD SUGAR OUTPUT

FLUCTUATIONS in the production levels of sugar are intriguing. The latest estimate of sugar production during the current season 1954-55, which may be considered virtually as the final estimate, brings the surprise news that output in this season will reach an all-time peak of 15.35 lakh tons. It compares with the previous peak of 14.83 lakh tons achieved in the 1951-52 season and stands in sharp contrast with the last season's figure of 10.17 lakh tons which was the second lowest since 1948-49. A dominating factor which influenced this season's record output was the unattractive price of gur which diverted sizable quantities of sugarcane to the mills. The estimate is based on the anticipation that the actual production figure of 15.11 lakh tons up to 7th May marks the contribution of a majority of mills which by that time stopped their crushing operations; nevertheless, a margin of about 25,000 tons ought to be allowed for residuary output. If the production of sugar is to be stabilised at this level and the target of 22.5 lakh tons for expansion is to be achieved on a steady basis of demand, an absolute pre-requisite is to ensure that there will be adequate supplies of cane to sustain the higher levels. It is a parodox of the demand for sugarcane products that although the proportions of consumption of sugar and gur may change in response to prices, the aggregate consumption remains more or less stationary. It should be the objective of higher incomes and higher standards of living to create a larger demand for sugar on a stable basis irrespective of the attractions of prices of gur. A change in dietary habits should not prove difficult and in fact it is gradually being evolved.

It is pertinent to recall here that only a month ago considerable anxiety was shown over the difficulties of disposing of the stocks of home produced sugar of this season in the light of the scheduled programme of imports and the priority given to the clearance of imported stocks. The modest estimate made at that time was that if the programme of sugar imports was carried through in full, stocks of domestic sugar of the order of 4 lakh tons would remain uncleared. This figure was arrived at on the basis of the estimate of 14 lakh tons as the total output of the current season. The production has now gone up by another 1.35 lakh tons, There is ,therefore, all the urgency that the Government should come to a quick decision on curtailing the import programme which is the only solution for maintaining balanced stocks.

RAW DEAL FOR SHELLAC

THE SHELLAC industry in Bihar (which accounts for half the output in the country) has not received a fair treatment from the State Government after the severe set-back which it received in the slump of 1952. Stagnation in the export trade and closure of a large number of processing units compelled attention to the plight of the industry and an Enquiry Committee was promptly appointed. The Committee's report, however, appears to have been shelved so far and now after a long lapse of time there are reports in the Press that the State Government is in active consultation with the Centre. Even now positive decisions on the recommendations of the Committee do not seem to have been taken. In this situation it is difficult to see what precise action the Government has in mind to hasten the process of the rehabilitation of the industry.

The immediate cause of the sharp fall in shellac prices in 1952 was the sudden slackening in the overseas demand following the termination of hostilities in Korea. But from the long-term view-point a deeper threat comes from the growing volume of exports of seedlac or sticklac (which means export of the raw materials in substitution of the processed product) and the progressive expansion of synthetic substitutes. Shellac is losing the overseas buyer's patronage also because of rank speculation causing violent price fluctuations. The Enquiry Committee has suggested a dual system of minimum and maximum prices for shellac in the producing States and at Calcutta, the gateway for exports, as also enforcement of specific delivery contracts under the Forward Contracts Regulation Act. A ban is suggested on the export of seedlac. There are also suggestions for improving the quality of shellac. Improvements on these lines, it is claimed, would make shellac increasingly acceptable in America. As shellac is essentially an export commodity these recommendations need to be given priority. There are also suggestions for strengthening the structure by provision of credit, facilities for formation of co-operatives, merger of uneconomic units and stimulation of demand at home to correct the lopsided dependence on the

market abroad. In the order of priorities, the export front should receive immediate attention.

PLANNING FOR TEXTILE EXPORTS

IN SEVERAL ways the Cotton Textiles Export Promotion Council will offer a test case for the practical value of these councils in stimulating our export trade in a difficult phase of the return of the buyer's market. This was the major justification of their establishment and it would not be of much avail to stress the tough nature of the emerging competition for overseas markets. The survey of the activities of the Cotton Textiles Export Promotion Council during the first six months since its inception made by the Chairman, Mr. Neville N. Wadia at the Council's annual general meeting last week shows that the preparatory period was well spent in laying the broad outlines of the organization of the Council for its task. Part of this period coinciding with the first quarter of 1955 saw a general set-back to the world trade in cotton textiles and if there was a decline of 18 per cent in India's exports as compared to the first quarter of the last year, there was also a decline in varying proportions for India's major competitors—the U.K. and Japan. In the U.K. it was smaller at 7 per cent, but in Japan it was much higher at 25 per cent.

The Chairman of the Council sees in this trend a challenge to its capacity to retrieve the ground. There can be no question of resting content until the export target of 1,000 million yards is achieved. The Council has been driving home to its members with relentless insistence the basic obligation to the effect that the trade generally and its members in particular ought to inculcate a high ethical code of business behaviour and strive to ensure that the overseas buyers are supplied with quality cloth at reasonable prices in terms of the stipulations in the contracts. The immediate programme of the Council is to send a delegation to Burma, Thailand, Indonesia, Malaya and Ceylon which are our traditional markets. The technique of constant contacts and market studies is now coming into increasing vogue and India cannot allow herself to remain a back number. For permanent liaison, overseas offices are to be opened in the immediate future in the U.K., Indonesia and West Africa. These are to be followed by offices in eleven countries of the Middle East, South-East Asia and Canada. The information supply section of the Council is gaining popularity and creating keen interest among the business community. The membership of the Council is steadily increasing which is a vote of appreciation for its useful work.

SHREE NIWAS COTTON MILLS

MR. G. D. SOMANI'S speech before the twentieth annual general meeting of the Shree Niwas Cotton Mills Ltd., on 23rd May last puts in a nutshell the progressive financial working of the mill and its programme of expansion in the next few years. One indicator of the financial health of this mill is furnished by the fact that the additional liability of Rs. 10.29 lakhs imposed on it by way of increased bonus for 1952 and extra dearness allowance with retrospective effect from May 1953 to December 1954, in terms of the award of the Appellate Tribunal, was discharged to the extent of Rs. 7.59 lakhs out of the profit for the year 1954, and the balance out of the previous year's carry forward. The programme of replacement and modernisation of plant and machinery of the mill is being put through steadily. Shree Madhusudan Mills which were taken over by this mill are now making reassuring progress under the new management.

The Directors have a proposal to capitalise an amount of Rs. 20 lakhs out of the reserves by issue of bonus shares in the ratio of one ordinary bonus share for every three shares held by the ordinary shareholders. This proposal is pending sanction before the Controller of Capital Issues.

The Chairman has drawn attention to two vital problems facing the cotton textile mill industry. He has put a straight poser whether in a fast progressing industry, dragged into the arena of acute international competition, rationalisation of its worn-out and outmoded machinery (as in the case of the industry in this country) can be postponed indefinitely. He has exhorted the Government to cast aside its doubts and hesitations and come out boldly on the side of rationalisation in calculated stages. He has also issued a warning to the Government against accepting the Kanungo Committee's reactionary suggestion to peg the mill production to the current level of 5,000 million yards in utter disregard of population increase and rising consumption standards. He has pleaded for a realistic target to be fixed for the second Plan.

OVERSEAS MARKETS FOR OIL

THE TRANSFORMATION of the oilseeds trade of this country from exporting oilseeds to exporting oils and oilcakes has served not only to secure for it the gains of the processing industry but to establish vital markets abroad for the finished produce for which there usually exists a keen demand. The ground so far covered has given the welcome assurance that India's foreign trade in vegetable oils and cakes can be expanded steadily. There is need for strict vigilance in regard to quality because in a buyer's market keen competition among supplying countries has encouraged insistence on superior types of goods. The oil processing industry is based on medium scale production which makes co-ordinated effort to keep to high standards difficult to undertake. Nevertheless, this is an essential requirement in the interest of stability of the export trade to which the Oil Merchants Chamber would do well to pay close attention. Mr. Ratilal Gandhi, President of the Chamber, put in a strong plea before the last annual session for the establishment of an export promotion council. The co-ordinating and supervisory check of the council would be of much help in consolidating oil export. But while the useful role which the council may play cannot be underrated, it seems necessary to emphasize that the recent tendency to pin high hopes on the efficacy of export promotion councils ought to be restrained. These councils have not demonstrated prompt effectiveness for intensive and sustained work and results in terms of real promotion of export have not been much in evidence. This first reaction formed on the short period of working may have to be revised afterwards. It is equally a duty of the organized trade chambers to take measures to see that conditions of export promotion are created for individual businesses.

The oil trade has been given several aids and incentives to expand its foreign markets in the past few weeks. Export policy has been liberalised and quota allocations have been enlarged. A similar liberal attitude has been shown in the case of oilcakes to strengthen the competitive position of our export trade. Freight rates often handicap the prospect of offering attractive prices abroad. In this obstacle the constant discriminating shifts in shipping freight rate policy are a powerful handicap. But this is a matter very much under the control of shipping conference lines and their grip over the nerve centres of international sea transport will take time to relax. So far as railway freight rates are concerned, the Railway Board has at long last bowed before the persistent pressure of public opinion and agreed to set up an enquiry committee to examine in what directions modification of railway rates structure is essential.

COMPANY AFFAIRS

BRIDGE AND ROOF

The work completed by Bridge and Roof Co. (India) Ltd., during the half-year ended December 31, 1954—worth Rs. 64.25 lakhs—was its highest ever executed and was about 44 per cent higher than the previous half-year. It taxed the Company's capital reserves and finances, which had to be supplemented, from time to time, by bank loans.

The profit, after providing for depreciation and taxation, at Rs. 1.87 lakhs is, however, lower than the previous half-year's Rs. 2.53 lakhs and approximately equals that of the half-year ending December, 1953. The stock held by the Company in December, 1954 was higher at Rs. 12.25 lakhs against Rs. 8.47 lakhs, at the end of the previous half-year, and in line with increased execution the cost of materials and salaries and wages paid by the Company have increased from Rs. 29.34 lakhs to Rs. 41.66 lakhs and from Rs. 12.21 lakhs to Rs. 14.28 lakhs respectively during the half-year under report. Provision for depreciation has remained almost unchanged while the provision for taxation has been reduced from Rs. 2.53 lakhs to Rs. 1.87 lakhs during the half-year under review.

The directors have recommended no increase in the dividend rate, which stands at 15 per cent per annum for the last three half-years, as, in their view, the resources of the Company must be built up so that a heavier demand for the structurals created by the second Five-Year Plan may be met by the Company.

A statement of the accounts of the Company for the last three half-years is given below for comparison:

(Rs. lakhs)

Half-year ended	Dec. 1953	June 1954	Dec. 1954
Income from work completed	34.54	44.65	64.25
Work in progress	23.66	26.04	21.76
Stock	4.99	8.47	12.25
Material purchased	20.20	29.34	41.66
Salaries and wages	11.66	12.21	14.28
Profit*	1.90	2.53	1.87
Depreciation	0.50	0.49	0.51
Taxation	1.33	2.03	1.23
Ordinary rate of dividend (per cent per annum)	15	15	15
Carried forward	0.96	1.10	1.07

* After providing for taxation and depreciation.

THE FIAT

With the gross earnings of 275 billion lire (about Rs. 210 crores 85 lakhs), the Fiat Company shows a big increase in its activities during the year 1954—an increase of 14 per cent in earnings over that of 1953. Investments have risen to 213 billion lire—Rs. 163 crores 31 lakhs. About 50 billion lire more are earmarked for 1955.

The production of motor vehicles rose to 195,098 (185,000 cars and commercial vehicles and 10,000 tractors), an increase of 34,500 as compared with 1953. Exports are also on the increase; in 1954 Fiat exported 41,000 units, about 10,000 more than in 1953. The production of motor vehicles accounts for 88 per cent of Fiat's gross earnings. The great success of the 600 (which is already being turned out at the rate of 500 units a day) will shortly bring the total daily production figures for cars and commercial vehicles to 1200 units.

In the aeronautical field the prototypes of the Fiat G-82 jet plane have been perfected; a project for the development of a new aircraft, the G-91, was presented with considerable success to the NATO Commission; work for the production of the North American Aviation's F.86K aeroplane is in an advanced stage.

Wages and salaries paid in 1954 amounted to 69 billion lire—Rs. 52 crores 90 lakhs—(equal to about ¼ of the gross earnings). During the year Fiat spent a further 7 billion lire—Rs. 6 crores 13 lakhs—on social welfare work for the workers and their families. The Fiat Medical Aid Service treated over 150,000 persons (including members of workers' families), giving them free medical treatment and medicines. Fiat holiday camps received 5,000 children. The Fiat housing plan is already in course of actuation.

The 1954 balance shows a surplus of 10,677,956 lire—Rs. 8 crores 18 lakhs. A dividend of 70 lire—Rs. 0-8-7—per share has been approved.

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COMMODITY NEWS AND NOTES

TARGETS FOR COMMODITIES

A conference of Agriculture Secretaries of the States and officials of the Union Food and Agriculture Ministry was convened in New Delhi last week. The discussion at the conference related mainly to the proposals concerning agricultural production. In regard to food grains, the scheme aims at an additional production of 10 million tons, comprising 8.5 million tons of cereals and 1.5 million tons of pulses by 1960-61 over the production of 1955-56, which is estimated to come up to 55 million tons of cereals and 10 million tons of pulses.

As regards jute, the expected production in 1955-56 is about 40 lakh bales. A 25 per cent increase is proposed in the second Five-Year Plan to bring the total yield to 50 lakh bales. Target for cotton production proposed at the end of 1960-61 is 55 lakh bales, as against 42 lakhs expected during 1955-56. The scheme for increasing sugarcane crop places the target at 77 lakh tons at the end of the second Plan period. This represents a 26 per cent increase over the expected production of 61 lakh tons in the current year. The production targets for pepper and cashewnut by 1960-61 were 36,000 tons and 80,000 tons, respectively. For lac, an additional quantity of five lakh maunds over the present production of 12 lakh maunds is envisaged.

CRYSTAL SUGAR PRODUCTION

During the six months ended April 30, 1955, of the current season (1954-55), the production of crystal sugar amounted to 14.69 lakh tons and the arrivals of imported sugar of 3.94 lakh tons. The total offtake of sugar in the country was 8.16 lakh tons during the period, as against 8.8 lakh tons during the first six months of the last sugar year.

MORE RICE OUTPUT

The U.P. Government proposes to bring 125,000 acres of land under the Japanese method of rice cultivation in the next rice season. This is expected to yield an additional 700,000 maunds of rice. When the Japanese method was first applied in U.P. in 1953, 35,000 acres were brought under this method. This was increased to 72,000 acres last year. This year also an intensive drive is being undertaken in 29 districts where irrigation facilities are more easily available. On the basis of crop cutting experiments carried out during the last two years, a minimum of seven maunds per acre is thought certain as a result of using the Japanese method.

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 1954-55 puts the current year's area and production at 27,350,000 acres and 3,555,000 tons, as against 30,094,000 acres and 4,459,000 tons in the partially revised estimate for 1953-54. The year 1953-54 was an exceptionally good year. The current year's production is the highest since Independence, barring 1953-54.

The decrease in acreage has been shared mainly by Rajasthan, Punjab, Saurashtra and PEPSU and, to a lesser extent, by Madras, Hyderabad, Bombay, Delhi and Ajmer. The decrease in acreage is generally attributed to insufficient and untimely rainfall at the time of sowing. The decrease in acreage has been offset to some extent by the increases reported by Uttar Pradesh, Andhra and Madhya Bharat due to favourable weather conditions at the time of sowing. The decrease in production has been shared mainly by Rajasthan, Punjab and PEPSU and, to a lesser extent, by Saurashtra, Hyderabad, Bombay, Madras and Delhi.

RICE FOR BIHAR

The Government of India are supplying 10,000 tons of rice at a reduced price to the Government of Bihar for the benefit of northern districts which are vulnerable to floods in that State. The State Governments intend to build up stocks from this supply at strategic points before the monsoons so that sales at concessional rates at a moment's notice can be arranged even if the usual lines of communication are disrupted.

The supply commenced on May 22 and since then nearly 30 wagons have been carrying rice from the Central Government's reserves at Mokameh and Calcutta to different rail stations including Motihari, Darbhanga and Laheria Sarai.

TEA EXPORT DUTY HALVED

The Government of India has announced a reduction of export duty on tea from eight annas to four annas per lb. with effect from June 1. The revision of the duty has been made under the slab system introduced in April this year. The Government has issued a notification fixing the price of tea for the purpose of determining the export duty at Rs. 2-7-3 per lb. as against Rs. 3-5-6 per lb. in force on May 1, 1955. The export duty at this price will be four annas per lb. being a reduction of four annas from the duty hitherto in force.

COMMODITY IMPORTS AND EXPORTS

Latest freight trade returns show that during 1954-55 quite a few changes took place in the composition of trade in certain commodities. On the side of exports, tea replaced jute goods as the leading foreign exchange earner despite the fall in the quantum of exports. A total of 455 million lb. of tea valued at Rs. 146.59 crores was exported in 1954-55, compared with 467 million lbs. worth Rs. 101.62 crores in 1953-54.

Exports of jute manufactures made an impressive recovery both in terms of value and quantity. While the value of exports rose from Rs. 113.76 crores to Rs. 123.96 crores, the quantity shot up from 776,804 tons to 852,267 tons. The value of cotton manufactures, however, declined from Rs. 72.03 crores in 1953-54 to Rs. 66.21 crores in 1954-55 despite the increase in quantity of exports.

On the side of imports, food grains received a slight increase although the country is faced with the problem of falling food prices. Their value rose from Rs. 66.64 crores to Rs. 68 crores. A notable increase also took place in sugar imports, which were valued at Rs. 21.97 crores in 1954-55. Import value of raw cotton also increased from Rs. 52.75 crores to Rs. 58.44 crores.

The Tata Iron & Steel Company Limited

NOTICE

The Transfer Books of the Company will be closed from Friday, the 1st July, to Friday, the 29th July, 1955, both days inclusive.

The dividends for the year ended 31st March, 1955, when sanctioned, will be made payable to those shareholders whose names stand on the Share Registers of the Company, on Friday, the 29th July, 1955.

By Order of the Directors,
TATA INDUSTRIES LTD., MANAGING AGENTS

J. J. GHANDY
Director.

BOMBAY, 27th May, 1955.

Company Meeting

ROHTAS INDUSTRIES LIMITED

Managing Agents:

SAHU JAIN LTD.

Speech of Shri Shanti Prasad Jain, Chairman, at the Twentysecond Ordinary General Meeting of the Company at 3 P.M., on Wednesday, the 18th May, 1955, at Dalmianagar.

Gentlemen,

I have pleasure in welcoming you to the 22nd Ordinary General Meeting. The Audited Accounts of your Company for the year ended 31st October, 1954, together with the Directors' Report are already in your hands. With your permission, I shall take them as read.

I am sure you will all share with me the confident feeling that the Company is making steady improvement year by year. The total sales proceeds during the year have increased by 1.3 crores of rupees over the previous year and production of the various units is the highest on record and greater efficiency has been registered. Cement output has increased by about 17 per cent. Paper and Board production has gone up by 30 per cent. The Asbestos Cement output has improved by 48 per cent. Vanaspati factory was restarted. Only the sugar factory working declined because adequate supply of cane was not available in spite of the arrangement made for rail transport by the construction of a 16-mile railway line from Dalmianagar to Nasriganj. The Factory, however, refined imported raw sugar and results in this direction were satisfactory.

The estimated expenditure in the Paper Factory extensions would be about three crores of rupees. The number of new paper machines that have been ordered is now three; and from information so far available regarding expansion programmes of other paper factories, it appears that after completion of present extensions, your factory will emerge as the largest modern paper factory in the country. We shall be producing a very wide variety of paper. Besides continuing to produce larger quantities and better qualities of Boards—Duplex, Triplex, Art and other quality Boards—Poster Paper, Kraft Paper and Pressings etc., we shall be producing several such varieties of fine paper like Bank Paper, Bond Paper, etc., as would match in quality with any of similar imported varieties. Emphasis will continue to be kept on quality of all varieties of our paper. The benefits of extension are already in evidence. The rate of production of your paper factory is now about 2,000 tons per month and it is hoped that very shortly there will be further improvement in this direction. To meet the increased demands of pulp-bleaching for enhanced production, your Caustic Soda Plant is also being extended to yield a production of 5,000 tons of caustic soda and about 4,500 tons of chlorine. More than 3,000 tons of caustic soda will be surplus and will be available for sale. Since our caustic soda will be of rayon quality, it will find a ready market at remunerative price. All the chlorine will be consumed by the Paper Factory.

The shareholders are aware that except in the matter of lime-stone cost, our Cement Factory at Dalmianagar is one of the most economical in the country. Efforts are being made to improve position in this direction. Extension of transport facilities to new lime-stone quarries has already been undertaken. Working of the new quarries will be more economical. In spite of longer transport of lime-stone from new quarries it is hoped that because of the quarrying advantages, lime-stone delivered to the Cement Factory will, on the whole, work out cheaper. Of the two cement kilns at Dalmianagar, the old one has been producing 500 tons of clinker per day as against 550 tons produced by the new kiln with less coal consumption. Renovations to the old kiln recently completed places it at par with the new kiln both in the matter of clinker production and economy in coal consumption.

It is a matter for gratification to me that notwithstanding certain handicaps regarding transport and lack of adequate assistance in obtaining economic supply of raw materials, the various units at Dalmianagar have achieved steady progress. It is clear that with proper facilities, this industrial centre promises a vast scope for further development.

A very important question is that of railway transport and freight rate. With industrial and economic development in the country, the need grows for greater transport facilities; and railways have not only to provide additional transport by construction of new lines in areas which are not accessible but also have to make movement of raw materials and finished products economical to the industry and trade. The rate-structure has, of course, to be framed in such a manner as to be paying for the railways to carry the traffic; but what is equally important is to see that the freight structure enables regional and broadbased development of industries. Unfortunately, the Indian Railways have not shown adequate appreciation of this aspect of the problem. The freight structure was revised as a result of a departmental study on October 1, 1948. The rates were steepened so much that industry and trade were very adversely affected. The classification of goods has also not been made on appropriate scientific basis. It has been found in many cases that it is anomalous and the description of goods is complicated and even overlapping. The Railway Minister in his budget speech has agreed to appoint a special Committee to look into this question of freight. At the same time, he announced certain increases in the freight rates. I do not follow why this precipitate increase in freight rates should have been made while announcing the constitution of a Committee to examine the very subject. The upward revision could have certainly awaited the Committee's findings. The 10 per cent increase of freight for movement within the first 300 miles will, apart from pushing up the transportation cost of raw materials and finished goods, cut at the root of plans for regional development.

I am sure the Railways will not have to lose their income by adopting a reclassification of the goods and

adjusting the freight rates in a manner as to assist national development. On the contrary, I feel that by a scientific reclassification of goods and appropriate freight rate, the Railways will be able to earn larger revenues through increased volume of traffic and will achieve further gain through the resulting development in the country.

The chemical industry is one which has vast scope for development and an appropriate freight structure will undoubtedly help. For our caustic soda plant, at present the railway freight for salt works out to Rs. 30 per ton against the cost of Sambhar Lake salt at Rs. 17 per ton. With the present high freight structure of salt in comparison to coal, Alkali industry, wherein coal, lime-stone and salt are important raw materials, is proposed to be established largely near salt centres and not near coal areas. With comparable freight structure of coal and salt, the industry would have developed in both the areas. Natural advantages possessed by Bihar and Bengal have been set at naught by the Railway Ministry by their iniquitous freight structure, putting other raw materials, howsoever basic for industries, generally at a disadvantage with coal. It is very desirable that freight rate on salt and coal should be comparable. If a rational freight is fixed for salt, coal empties could be conveniently utilised for this movement.

Further, caustic soda industry by the electrolysis process is not being developed in the country because of the difficulty of disposal of chlorine and its products. With improved consumption of chlorine products such as Hydrochloric Acid, Liquid Chlorine, etc., it will be possible to manufacture caustic soda by the electrolysis process. In India we have yet to develop fullest use of chlorine products for manufacture of disinfectants, insecticides, etc., and for purification purposes. For increase in agricultural production, use of insecticides is almost as important as use of fertilizers. As such, chlorine and its products, particularly insecticides, etc., along with their raw materials should be given the same freight classification as fertilizers. Again, Sulphuric Acid is an essential raw material for manufacture of superphosphates, another important fertilizer. A large number of small units are manufacturing sulphuric acid with imported sulphur. It is possible to manufacture sulphuric acid at a few centres in the country with indigenous raw materials like pyrites and from the process of smelting ores of copper, zinc, etc. This process of manufacturing sulphuric acid will save the country from depending upon foreign imports of sulphur. It will, however, entail long distance transport of sulphuric acid. The very heavy freight that is levied on sulphuric acid is deterrent to large-scale development of the sulphuric acid industry based on indigenous raw materials. The movement of a commodity that is a raw material must understandably be allowed in a lower class than the finished product.

Since the question of railway freight is of vital importance, especially in the present context of big scale developments in the country, it requires urgent attention. The Planning Commission is making a study of the transport requirements and of the co-ordination of rail and road transport, etc. I would urge that in combination with the committee for freight structure appointed by the Railway Ministry, the Planning Commission should make an expeditious examination of the freight rate and also of the development of new lines to link undeveloped areas and permit exploitation of the vast mineral and forest wealth for industrial purposes.

In the last few months, the Railway Minister has made several pronouncements regarding expansion of new railway lines. His estimates started with a figure of 1500 miles of new railway lines and, it appears, now, they have come up to about 5,000 miles. From the way these figures are being worked out or announced, it would seem that the figure of 5000 miles of new railway lines is considered quite a stupendous one. The limiting factor must be physical considerations and not financial resources that the Railway Ministry can have at its command. When considered in the light of the development achieved during the period when the railways were privately managed and were much smaller in stature, this figure of 5,000 miles contemplated for second Five-Year Plan appears a very tame affair. The extension of railway mileage during the ten-year periods of 1873 to 1883, 1883 to 1893, and 1893 to 1903 was to the extent of 83.4 per cent, 76.7 per cent and 46 per cent—respective mileage expansion being 4,750, 8,000 and 8,500 miles. Between 1903 and 1913 too the expansion was of the order of 8,000 miles. With larger resources and increased number of technical personnel, it should be possible for the Railway Ministry to do a job in 1956-61 which should be comparable with former achievements when neither there was freedom nor any National Plan as such. In this connection I would like to refer to the construction of Burwadih-Chirmuri line which was undertaken immediately after the cessation of hostilities, but was abandoned subsequently. This line will open up large inaccessible forests in the old Sirguja and Rewa State areas and will place within reach large quantities of raw materials for our expanding paper industry. From the revenue point of view too, it will be an economic line for the railways. Extensive earth work already done will be useful in completing the construction earlier. I request the Railway Ministry and the Planning Commission to give this matter their early consideration.

In the working of Companies there are certain wider issues which may be pertinently referred to in this speech. The second Five-Year Plan is being put to shape and it is acknowledged that development has to be in a big way. The private industrial sector can and will play its effective part in this development provided its health is not impaired by a liberal nature of ill-advised injections as happens to be the case now. It is most important that the private industrial sector be left with resources to play its part. Recent trends in Government policy are, however, such as to divert resources from the private industrial sector to the public sector while all the time the role of this sector in national economic development is acknowledged. The amendment made to Section 23A of the Income Tax Act by the Finance Act 1955 is a measure of serious import. The modification has the effect of bringing within the scope of the Section many of the public limited industrial concerns and compel frittering away of their resources.

It will be of interest in this connection to examine an analysis of dividends and reserves of Companies. An analysis of the results of important industrial undertakings clearly shows that there has always been an attempt to plough back as much as possible into the various businesses concerned and utilise the available sums for rehabilitation and further development as the case may be. A study of the working of 90 companies conducted by the Employers Association, Calcutta, shows that for five years in succession the percentage of profits ploughed back worked out to more than 40, while the average for the whole of 1948-53 is high at 49.3. In 1949-50 nearly 61 per cent of the disposable profits were ploughed back, in 1948-49, 55 per cent and in 1951-52, 51 per cent. The private industrial sector has been endeavouring its best to conserve its funds for expansion and development so as to be able to play its part in the national scheme. The Shroff Committee and its off-shoot, the Handoo Committee, made certain recommendations regarding development of resources of the private sector. These recommendations are still under consideration of the Government and the Reserve Bank of India. They must do something positive and substantial enough to help the private sector to do the job which will be assigned to it in the next Five-Year Plan.

Development of industrial centres and greater attention to industries is declared to be the objective of our second Five-Year Plan. The language in which this second Five-Year Plan is being talked over and the epithets of 'Big', 'Mighty' and 'Bold', etc., that are being used for it, show that something really big is coming up. Whether this coming Plan would really be large enough and of a pattern that would accommodate legitimate industrial aspirations of the country or not is, to me, still a mute question. My request to the Planning Commission is that they should assess the results of the first Five-Year Plan, not so much by higher increases in industrial and agricultural production that have taken place but by the actual fruits reaped by the society and by the precise jobs and additional channels released by the Plan. Far from minimising the achievements of the first Five-Year Plan, my intention is to focus attention of the Planning Commission on certain realities of the situation which, if taken into account, will bring within the field of the second Five-Year Plan a much wider arena of highly beneficial national activity and will obviate pinpricks unnecessarily and indiscreetly being taken recourse to through various enactments, proposals and public pronouncements which go contrary to national interests or which are not in conformity with the objectives set forth. It needs be seen by those who ought to, that the progress which the nation has made is not due to the swash-buckling of certain theorists who demand credit for achievements not of their making. Actually their restraint and refraining would have brought better results. Their bravado reminds one of the ant which finding itself in the company of an elephant crossing a bridge, spoke to the elephant: "Did you see, brother, how tremendous is our weight? Sure, we did shake the bridge."

Our planners sometimes forget that 'money' is just a form of accumulated physical labour usefully employed by human intelligence, technique and organising ability. I am purposely using these two words—'technique' and 'organising ability'—because we see in this world that the same amount of human labour and effort do not produce the same amount of wealth in each case. It is the technique and organising ability of a few who are leaders and pioneers in society that produce wealth in geometrical progression. We find that in various countries living standard is not so much dependent on physical labour and effort as on technical efficiency and organising ability. It is, in fact, immaterial to what particular type of socio-political pattern an independent country subscribed so long as it retains its initiative and lets the technical efficiency and organising abilities possessed by its leaders in economic field to have their full play for greater and greater good of larger and larger number of persons. Socialistic pattern envisages, first of all, that there will be no person in society who will not have at least the minimum, required for a normal healthy living. It does not, and should not, mean that there will be no scope for persons with a better technical knowledge, higher organising ability and more vigorous initiative in various fields to attain a higher level of aspirations and living. Endowed with human qualities and capabilities not inferior to any in the world, why should not our people generally have the best in life as may be obtaining or be obtainable? Why must we necessarily think of patterns pertaining to particular countries where there is equalisation of negations rather than social distribution of fruits of achievements acquired by the best initiative of individual geniuses. Romantic platitudes do not constitute practical politics. Even in Russia there exist levels of living, more pronounced than in democratic countries, which were conceded to by Stalin but not thought of by Marx and Engels. Let us have a socialistic pattern by all means, but let us fill this concept with a meaning suited to our own genius and capable of leading the country to a glorious future bereft of ills obvious in others' ideologies.

It is desirable and necessary that we should develop our small scale and cottage industries as one line of industrial advancement. There we can utilise the accumulated ability and dexterity of our craftsmen and artisans acquired through generations. But to think that such development can be had only through Governmental Agency or through Workers' Co-operatives alone without the guidance of persons who possess marketing and organising skill is erroneous. All such organising and technical leadership, of course, has to be co-ordinated to several social ends. That is important. But if the people who carry on this vitally important job of co-ordination at industrial levels are called 'blood-suckers', as is the wont in some quarters to call them, then surely it means that neither we have proper appreciation of our objectives nor do we understand the role of various elements in a functional dynamic economy.

For some time now we have had the experience of working of co-operatives in this country. So far as the idea and ideals are concerned, it is a good venture. But in absence of persons with proper vision and spirit, co-operatives like the Cane Co-operative Societies do not carry us far. The Executives of the Cane Co-operative Societies are such paid men as work in a set-up and atmosphere and with motives not congenial to the prosperity of sugar industry. Working of co-operatives has to be reviewed and revitalised.

A demand has been voiced that the Government should undertake a policy of price-support for agricultural produce, based probably on American pattern. Suh a policy is outside the present resources of the Government. Total resoures of the Government are a fraction of the total agricultural produce of the country. The losses that the Government will suffer will be heavy and will ultimately fall on society. The Government can only help smoothening the process by providing increased credit, better storage and transport facilities.

The country's economy has, of late, been adjusting itself from higher price-levels of the War and post-War periods to lower price-levels. In this process of adjustment there appear certain surpluses at one time and shortages at the other, which is bound to happen in any process of such a change-over. Yet, on the whole, our economy remains expanding, progressive and healthy. Not only do the increased agricultural and industrial productions find markets, need for further increase continues to be felt. We should continue our efforts towards increased production which should be taken due care of by increased consumption. Of course, in the matter of consumption we have to strive for conditions where the producers of the very commodities—rural population, artisans and craftsmen—also become consumers of such produce or products. Increased employment must let loose increasing purchasing power for consumption of increased production. Our production targets have to be realistic and our production selective. We have to concentrate on production of such consumer goods as have a ready demand and as are within the reach of general consumers. This is an important lesson for those responsible for developing cottage industries. Strangulation of certain economic activities in order to fetch high prices for certain other products is not only unhealthy from economic point of view but defeats the very purpose of raising living standard when such products, because of their high prices, remain beyond the reach of those at the lowest economic level in society. Palliatives can only be short-lived. They cannot take the place of lasting remedies. Cot-

tage industries and small scale industries have to be given greater attention but success in that sphere is not to be achieved at the sacrifice of other useful economic activities having a direct bearing on peoples' speedier or earlier betterment. The disequilibrium between the agricultural and industrial prices that has exhibited itself in the process of change-over from high-price economy to low-price economy needs careful study and examination. A large number of industrial products like cotton textile, jute textile, sugar, vanaspati, etc., depend greatly on agricultural raw material. Prices of these products will adjust according to agricultural price-level.

In the industrial sector where production is based purely on Mineral and Forest resources, wage factor is the most important element in the price structure. It is because of the rising wage structure that the prices in such sectors are resisting a downward trend. In fact in some cases, as in the case of steel which is the basic material for such a large number of engineering industries there is an upward tendency. It is very doubtful, looks almost impossible, if the wage structure as it obtains in these industries, at present, will allow the prices of industrial production to come down to any appreciable extent. At least one thing is apparently urgently called for. With the lower agricultural prices, demand for higher wages in the industrial sector should cease, because the benefit of lower agricultural prices does mean a higher real wage to the worker. I congratulate our Central Labour Minister, Shri Khandubhai Desai on his recent speech to the Indian National Textile Workers Federation advising the industrial worker to wait for further increases in his income until his counterpart, the agricultural worker, comes somewhere near his level.

Normally with larger industrial plants and better technical efficiency in the uitlisation of raw materials industrial prices should have, in due course, adjusted themselves at lower levels if the wage structure would have been allowed to adjust itself to the Cost of Living Index. The Government too wants to have its additional imposts on the industry by way of cesses, excise duties, larger royalties on minerals and forests resources, extensive sales tax and other taxes in one form or the other. These factors, naturally, tend to increase industrial prices and hopes of reduction recede.

Whatever the impediments, a virile nation like India which has survived through hundreds of years of adversities and dependence has now set its pace firmly on the road to progress and prosperity. It is bound to occupy its front position among the nations of the world. The great strides that our country has taken during these seven years of independene in the direction of political stability, international prestige and eonomic advancement furnish clear indications that our future is brighter and our destinies surer. That is not a small thing for a nation to be proud of.

Whether it is in the matter of big development or heavy industries or small scale and cottage industries or ruarl credits, the Directors and the Executive Personnel of your company will continue to render their best co-operation because they feel that all these activities are in line with their objectives and it is in the fulfilment of these that their own success and prosperity lie.

I convey your thanks to the executives, the staff and the workers for their efforts in maintaining progressive trends of your company.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index)† Year Ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	336.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398·6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
July 1954 ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	442.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
April ,, c ..	283.6	397.4	327.8	375.5	541.2	344.8	90.5	100.6	87.5	115.4
Week Ending										
16-4-1955 ..	282.4	396.9	327.7	375.3	539.8	344.2	90.5	100.6	87.3	115.7
23-4-1955 ..	279.7	392.9	327.0	375.5	538.6	342.4	90.5	100.6	87.6	115.1
30-4-1955 ..	274.9	393.1	328.5	376.0*	537.9	341.0	90.6	100.6	87.8	114.7
7-5-1955 ..	272.4	395.9	328.2	376.9	540.0	340.7	90.6	100.6	88.0	113.8
14-5-1955 ..	276.5	393.9	328.3	377.5	542.9	342.2	90.7	100.7	87.8	113.0

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	Jubbulpur†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	370	126	333	141	136	134
February	328	345	207	128	310	384	—	—	326	—	135	—
March	—	340	205	127	—	—	—	—	321	—	—	—
April	—	—	—	—	—	—	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

	WEEK ENDED											
	28-5-1955			21-5-1955			14-5-1955			7-5-1955		
week-ended	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	95- 3	92- 7	93-11	93- 8	88- 9	92-1	93-15	88-15	92- 1	97-15	94-14	96- 5
Silver (per 100 fine tolas)	165- 9	160- 2	163- 6	164- 3	161- 1	162-8	167- 2	161- 3	164- 4	168-13	167- 2	168- 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	86,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
October 1954	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55,88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
April ,,	1,313,32	18,91	1,331,74	40,02	652,98	692,99	52.03	104,99	533,75	1,331,74
Week Ending										
8-4-1955	1,322,77	8,42	1,331,19	40,02	651,98	692,00	51.98	105,44	533,75	1,331,19
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1 316,14	25,45	1,341,59	40,02	661,98	702 00	52.33	105,84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533,71	1,339,80
13-5-1955	1,331,09	8,52	1,331,09	40,02	661,98	702,00	52.40	103,90	533,71	1,331,09
20-5 1955	1,322,41	17,46	1,339,87	40,02	661,98	702,00	52.39	104,16	533,71	1.339,87

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141.19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105.44	23,40	46,52	57,45	232,80	23,91	266,72	23.22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55.15	36 18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
October 1954	102,43	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210.86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,68	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
April ,,	56,47	36,38	47,74	22.05	162,55	32,79	205,34	18,59	11,96	69,30	51	36,73	45,26	22,92
Week Ending														
8-4-1955	57,81	30,61	44,95	21,52	154,44	32,01	196.45	8,59	12,33	73,96†	1,19	30,95	47,23	22,21
15-4-1955	55,39	24,32	50.49	21,40	151,60	32,96	194.55	15,93	12.55	63,35†	31	33,94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33.46	198,01	25,61	12,71	58.23†	17	35.15	43,63	22,51
29-4-1955	51,02	35,00	48.66	22.80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50 09	23 21	47.24	22.08	142,63	34.01	186,64	10.64	12,02	53.76†	80	40,49	41,48	20,44
13-5-1955	51,93	19,24	47,97	22,34	141,28	36,85	188,32	8,57	11,70	52.07†	80	44.52	41,47	29,97
20-5-1955	55.23	14,99	50,87	22.11	143,20	40,68	193,88	17,60	10,89	53.58†	80	40,47	41,28	29,26

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

MONTHLY STATISTICS

(Monthly Averages or Calendar Months)

	1951	1952	1953	1954			1955	
				October	November	December	January	February
I Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs) ..	71,20	67,28	48,39	53,70	60,36	49,05	53,30	59,16
Exports (Rs. lakhs) ..	65,30	51,54	44,30	47,56	66,16	60,46	54,45	50,35
ii Unit Value Index—								
(1948-49=100)								
Imports ..	128	130	115	118	112	115	114	..
Exports ..	160	131	111	114	125	127	124	..
iii Quantum Index—								
(1948-49=100)								
Imports ..	108	105	84	94	111	87	95	..
Exports ..	114	106	108	115	145	131	122	..
II Industrial Production								
i Cotton Cloth (Million yards) ..	340	383	407	379	421	451	437	..
ii Cotton Yarn (Million lbs) ..	109	121	126	123	135	143	135	..
iii Jute Manufactures (000 tons) ..	73	79	72	75	89	94	84	..
iv Steel (Ingots & Castings) (000 tons) ..	125	132	126	143	146	153	157	..
v Paper and paper boards (tons) ..	10,993	11,459	11,642	13,981	15,035	16,357	..	..
vi Sulphuric Acid (000 cwts) ..	178	160	182	271	252	273	..	..
vii Index of Industrial production (1946=100) ..	117	129	135	141	160	165	..	..
III Fuel and Power								
i Coal Production (000 tons) ..	2,859	3,019	2,987	2,921	3,323	3,503	3,153	..
ii Coal Despatches (000 tons) ..	2,435	2,566	2,588	2,787	2,728	2,747	2,672	..
iii Electricity Generated (Million kwh) ..	488	516	559	627	654	683	668	..
iv Electricity Sold (Million kwh) ..	399	420	455	512	535	558	545	..
IV Industrial Disputes: Number of man days lost (000) ..	318	278	282	276	240	263	321	..
V Employment Exchanges:								
i Number on register at the end of the period (000's) ..	329	438	522	569	583	610	..	..
ii Number of vacancies outstanding at the end of the period (000's) ..	22	23	21	26	29	29	..	..
VI Inland Transport:								
i Railway Freight Ton Miles (Millions) ..	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded ..	569	584	570	573	605	656	671	..
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs) ..	43,86	38,72	..	19,25	37,67	52,39	..	..
ii Import Duties (,,) ..	11,31	10,67	960	10,22	13,21	11,41	22,68	..
iii Export Duties (,,) ..	6,84	4,88	3,09	2,93	5,20	4,70	4.66	..
iv Central Excise (,,) ..	7,66	6,39	7,85	8,80	8,73	9,02	9,42	..
v Expenditure on (,,) Revenue Account ..	23,69	15,67	18,79	23,88	18,79	14,59	..	..
vi Cash Balances with Reserve Bank (Rs. Crores) * ..	210	175	110	103	79	55	54	52
vii Money Supply Rs. Crores ** ..	18,22	17,23	1715	1791	1892	1844	1871	1909

** December figurs for 1951, 1952 and 1953.

*Last Friday Figures.

INDEX NUMBERS OF INDUSTRIAL PROFITS

(Base: 1939=100)

INDUSTRIES

Year	Jute	Cotton	Iron and Steel	Tea	Sugar	Paper	Coal	Cement	All Industries
1940 ..	359.1	142.5	103.8	99.1	100.3	236.3	100.8	102.8	138.0
1941 ..	344.4	316.6	133.7	146.8	137.8	284.7	82.6	128.8	187.0
1942 ..	351.1	491.3	110.1	228.1	126.7	321.7	80.5	169.1	221.8
1943 ..	376.3	640.0	111.8	142.3	157.8	352.8	95.6	147.9	245.0
1944 ..	310.6	492.1	117.8	110.5	133.5	271.5	237.0	214.4	238.9
1945 ..	327.6	423.3	120.2	150.7	198.9	279.5	258.3	211.6	233.6
1946 ..	415.4	408.9	101.3	198.8	122.4	266.4	198.5	194.1	229.2
1947 ..	313.2	317.7	86.1	216.3	171.5	167.6	171.8	142.5	191.6
1948 ..	361.2	548.1	96.3	127.9	381.3	257.0	201.0	252.6	259.9
1949 ..	—89.3	292.0	116.0	138.4	216.4	316.7	287.2	295.0	181.5
1950 ..	456.9	356.6	134.2	271.2	262.4	479.0	209.2	333.4	246.6
1951 ..	679.1	551.1	157.7	103.9	420.8	604.1	178.4	419.7	310.5
1952 ..	183.4	262.8	162.6	—88.8	409.8	566.8	220.4	293.4	190.6
1953 (p) ..	310.9	373.8	176.1	362.7	416.2	632.0	138.6	273.9	256.9

(p) Provisional

Source: Ministry of Finance

SCHEDULED BANKS

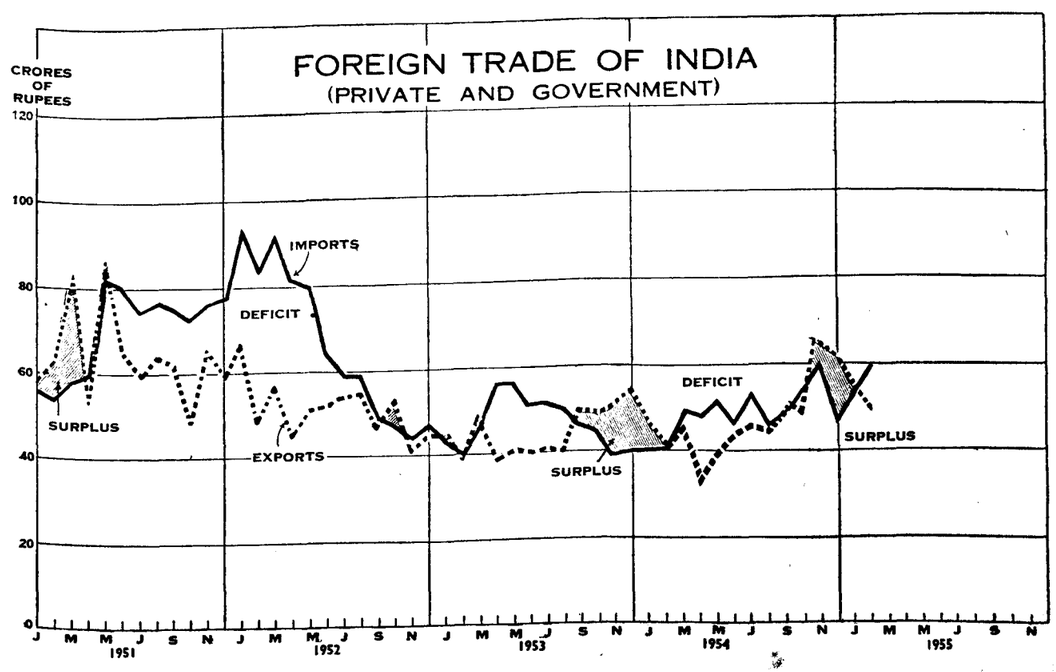
(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5÷6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Average of Fridays										
Novembeer 1954 ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
Decembr „ ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,33
February „ ..	585,47	370,53	956,00	32,16	49,63	8.58	494,74	84,46†	60.58	354,09
March „ ..	578,19	375,11	953,30	32,95	46,16	8.27	509,93	102,47†	64.21	346,25
April „ ..	587,73	380,42	968,19	34,43	46,61	8.37	507,25	119,49†	64.74	343,27
Week Ending										
15-4-1955 ..	591,90	380,98	972,88	35,96	47,99	8.63	503,00	119,62†	64.00	342,56
22-4-1955 ..	591,06	382,14	973,20	34,55	46,13	8.29	503,97	119,57†	64.07	342,69
29-4-1955 ..	590,39	383,70	974,09	34,13	46,61	8.29	503,43	120,47†	64.05	344,40
6-5-1955 ..	580,95	383,80	964,75	34,12	46,21	8.33	505,97	120,52†	64.94	344,73
13-5-1955 ..	581,37	385,89	967,26	34,83	45,97	8.35	507,51	118,74†	64.74	344,28

FOREIGN TRADE OF INDIA

SEA, AIR AND LAND

Year & Month	Imports Rs. Lakhs	Exports Rs. Lakhs	Index Nos. of Average Unit declared Value 1948-49=100		Index Nos. of Quantum of Foreign Trade 1948-49=100	
			Imports	Exports (Including re-exports)	Imports	Exports (including re-exports)
1950-51	610,36	624,65	109.0	114.6	93	124
1951-52	955,39	742,78	139.2	168.9	118	98
1952-53	660,65	578,36	128.7	118.9	88	109
1953-54	565,25	527,98	114 3	111.2	85	109
March 1953	47,08	48,84	116.4	112 8	85	115
April	56,49	38,87	116.7	110.6	103	97
May	56,07	40,99	121.0	111.7	99	101
June	51,40	40,03	121.0	113.2	88	97
July	51.77	40,98	111.9	110.3	94	102
August	49,95	40,05	111.1	113.3	91	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
January 1954	39,90	44,63	111.2	109.9	73	111
February	40,07	40,76	115.0	110.8	73	101
March	49,59	46,57	118.5	105.3	87	121
April	47,81	31,49	114.7	106.0	87	81
May	51,69	38,71	114.4	109.3	94	97
June	45,75	43,43	114.7	110.7	83	107
July	53,73	47,38	117.0	113.6	96	113
August	45,48	45,63	111.1	113.1	85	110
September	48,48	50,49	112.4	113.9	89	122
October	54,21	47,52	118.1	113.6	94	115
November	60,38	65,69	112.1	124.8	111	145
December	49,04	61,13	114.7	126.6	87	131
January 1955	52,73	54,64	113.8	123.6	95	122
February	59,73	50,35	..	..	..	



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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 Eastern Economist

VOL. XXIV. NO. 23. NEW DELHI: JUNE 10, 1955. ONE RUPEE

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India and the U.S.S.R.

MR. JAWAHARLAL NEHRU'S visit to Moscow this week is the culmination of a series of his trips as India's Prime Minister to the world's foremost capitals which began with Washington in 1949. Each of these visits was undertaken by the Prime Minister with a view to seeing the country and the people and understanding its leaders. In none of these was there any special deal to be negotiated or particular advantages to be secured. They have all been goodwill missions which, however, provided ample opportunities for Mr. Nehru to discuss his own points of view on world affairs and to hear those of his hosts. So will it be in Moscow also. There is little business to be transacted directly concerning Indo-Soviet relations; these are in any case capable of being managed at much lower levels. There is, however, some significance in the fact that Moscow has come lower down in the Prime Minister's itenerary of the last eight years. It underlines much that is not visible on the surface in the reports of the Prime Minister's arrival in Moscow this week and the exuberance of the Russian Government's and the citizens' welcome that awaited him there.

Herein lies the answer to much of the inquiry concerning the possible outcome of the Prime Minister's visit. This question about the outcome has been asked each time—at Washington, at Peking and now at Moscow. It cannot be said that India drew nearer to the U.S.A., because of Mr. Nehru's Washington visit in 1949. The differences of approach between India and the U.S.A. which have followed that visit would not have been substantially different nor would the remaining areas of agreement been absent but for the visit. During Mr. Nehru's visit to Peking last year, there was anxious questioning whether the drawbacks of the Communist dictatorship would be overlooked by him in the enthusiasm for the burst of activity which had made many other observers susceptible to suggestion about China's great progress. But in Peking, Mr. Nehru had also other things to do. He could discuss the more immediate issues concerning Asia on which he has held strong opinions; and his hosts there were persons who are still finding their way and were likely to feel obliged for such sympathy and assistance as came forth from external quarters, India's role in Korea and Indo-China, the fears and pro-

blems of South-East Asia and problems of Tibet were matters of common concern to India and China, which could always bear discussion with the leaders of China as matters of mutual interest.

At Moscow the position is very much different. There are no outstanding questions between India and the U.S.S.R., because of geography and past history. The Soviet press has now had to go very far out to discover historical and cultural links which provide basis for friendship and co-operation between India and the U.S.S.R. 'Pravda' has conceded that the peoples of India and the U.S.S.R. have unlike state structures and that their social and political systems differ. Its methodical search for common ties have revealed nothing more striking than that Afanasy Nikitin visited India in the 15th century and Karamzin translated scenes from the "Shakuntala". Only the more recent cultural delegations (of which more is said elsewhere in this issue) have provided the links between the two countries. A similar investigation of the common bonds from the Indian side may not be even as fruitful as this. The Russophobia of the last century will be prominent in the pages of recent Indian history. There has been a consistently vicious criticism of Gandhiji and his philosophy in Communist writings. And the Communist view of the Indian nationalist movement and the Government of India until about two years ago, was no tribute to the qualities of friendliness.

It will serve no purpose not to recall them now in considering the relations between the two countries. If there is still room for goodwill and for good relations, it is because of India's forbearance and unilateral tolerance. It is too well-known that the Government of India had refrained from expressing their views on Russian policies even when it strongly disapproved of them, in order not to complicate a complex situation. But Mr. Nehru's views on Indian Communists have never been concealed and they had always implied a censure on the Cominform which had organised such party activities abroad and had derived its inspiration and instructions from Moscow. Such activity has still not been disowned and provides one of the direct issues on which Mr. Nehru can be outspoken to the Russian leaders during his visit. It is likely that the latter have already revised their strategy, at least since the agreement with Yugoslavia last week accepting the principle of non-interference. The reiterration therefore of the Pancha Shila at Moscow would be quite hollow without the open repudiation of the Cominform whose aims are directly contrary to the five principles. The difference between China and Russia in this respect is clear; China's acceptance of the Pancha Shila is to be tested only in the light of future actions, whereas the Soviet Union has to live down an ugly past.

For Mr. Nehru, the visit to Moscow is essentially an opportunity to reappraise the achievements of a political system which to some extent stirred his own and many other minds three decades ago. The long period that was available to Russia since, the high cost in human suffering, the peculiar inhibitions of Communist doctrine which have prevented clear thinking even on domestic policies, all these will not be counted out of that assessment of Russian achievement. In other words, the standards by which the men at Peking were judged would hardly apply in Moscow. On top of all, none can overlook the failure of the "collective leadership" of the Soviet Communists to produce stability; whenever political stability has come to Russia it has been only under the ruthless dictatorship of a single individual. But even so, some very strange changes have happened recently and not least is, that a demoted leader like Malenkov is still living and holding office. The Soviet Government has now descended far to have a reconciliation with Marshal Tito. There has been progressive removal of the iron curtain to visitors and a greater desire to publish information concerning the internal affairs of the U.S.S.R.

All these are probably indications of a growing uncertainty among the top leadership as to the course of policy for the future. These changes have come only as a result of the increasing futility of Soviet policy pursued under Stalin and not because of a conscious homage to co-existence and tolerance. But whatever the changes of attitude and policy, Russia has always had opportunities to play its part as a Big Power and to shape her actions according to her needs. More than one generation of men have grown up in the Western world whose profession has been the specialised interpretation of Russian despatches and her diplomatic manoeuvres on the international scene. With such a Power, Mr. Nehru's role as an honest broker may not have great value. But his visit to Russia takes place at a time when "summit" talks have at last become a reality and the discussions in Moscow may benefit the statesmen of the free world by indicating Communist attitudes.

Mr. Nehru's visit to Moscow has synchronised with the most hopeful phase of international relations since the end of the last war. The impressive account of their intentions, which the Russian leaders may now be in a position to render at this time, will not explain their past or provide assurances against relapses in the future, even if it is assumed that a global war in the nuclear age cannot be to their liking. The issue to be judged is whether professions of Soviet friendship towards India are made as a means of undermining the collective resistance which Soviet policies have been slowly building up in the free world or whether it is a permanent step towards accepting the implications of co-existence. It is too soon yet to guess the answer rightly.

Simla Reconsidered

IN retrospect it should be clear that in assessing the net outcome of the Simla Conference on external aid erroneous emphasis was placed on the character of the agency through which additional funds that would be made available to Asian countries, particularly by America, should be administered. It was presumed that the main purpose of the conference was to make a major choice between the alternatives of administration of aid funds on the basis of bilateral arrangements, on the one hand, and through the mechanism of a regional organization, on the other. But in actual fact such a clear-cut choice was not posed before the conference. What was really intended was to explore the ground to ascertain in what manner a more pronounced regional bias could be given in the most effective use of the aid by the receiving countries.

The Conference reached the conclusion that it was premature at the present stage to think in terms of setting up a regional organization. But it undoubtedly recorded its verdict in favour of an increasing emphasis on the regional aspect of the approach. This view accords also with the policy of the U.S. Government.

A close study of the message of the President to the Congress transmitted on April 20 last, discloses the importance attached to quickening the pace of the economic development of the region, but it does not in any way give any indication of a desire to set up a regional organization as the supreme executive agency. The pattern of the Organization of European Economic Co-operation which was discussed in the course of the deliberations of the conference had no strict application. In any event the analogy is not complete. The imminent problem which demanded a prompt solution in Western Europe was the post-war rehabilitation of the region which was essentially a short-term problem. Nevertheless, it was a problem of great magnitude with deep political implications and neither the supply of funds nor the establishment of a machinery for organizing their co-ordinated utilization could be postponed. It was essentially a challenge of a grave economic crisis and the only answer to that challenge had to be on the regional basis. The problem which the Asian members of the Colombo Plan Consultative Committee have to tackle is obviously of a different nature. Its distinctive characteristic as a long-term problem of the development of backward countries raises a separate set of considerations.

The levels of economic development of the Colombo Plan countries are among the lowest in the world and they need to be raised in each sphere. Their immediate and primary pre-occupation is with making outlays on projects of agriculture and irrigation, power, transport and communications, education and health. Except for Japan and next India, Industry comes lower in the order of priorities. These are spheres of development, where the rates of advance in the execution of the plans are best determined on a national scale. It will be some time before the stage is reached when the impact of the plans of particular countries on the plans of others will demand some correlation in the interest of the balanced development of the entire region. By reason of the varying degrees of development of these countries, regional economic planning as formulated or promoted by a central organization is likely to prove impracticable. It is also essential that planning on a regional basis ought to be assured of adequate funds on a continuous basis over a reasonable period and in the case of the South-East Asian countries that period must inevitably be a longer one than what was necessary in Europe. The ad hoc basis on which Asian countries are receiving foreign assistance has made the bilateral pattern the most appropriate technique.

The present inability of the Colombo Plan countries to endorse the pattern of economic planning and development under the control and direction of a regional executive body would not therefore necessarily imply a reluctance on their part to subscribe to the policy of regional co-operation to the extent practicable. One of the major current requirements of these countries is finance for outlay on projects which constitute the social and economic overheads. The crux of the requirements in this behalf is to supplement loan funds by outright grants on a sizable scale which will need to be reimbursed from time to time. Several programmes of this nature are currently undertaken under the auspices of the specialised agencies of the United Nations. The schemes which are now being operated by individual countries in collaboration with the FAO, WHO, UNESCO, or ILO do not stand in need of duplication. But fresh opportunities may be found in projects like flood control. ECAFE has given a lead on this question which can be sustained by regional co-operation alone. This tempo in collaborated effort is bound to be strengthened and accelerated in the years to come, imparting solid content to the distinctive bias for regional approach in economic development.

The basic threat to the economies of several of the countries of the region comes from sharp fluctuations in the prices of staple raw materials on which they are precariously balanced. The chronic state of uncertainty in which their balance of payments is thrown and recurring emergence of net deficits makes the problem of stabilisation of the economies of long-term as well as fundamental importance. Co-ordination of intra-regional trade constitutes an integral part of this problem, but in its real coverage the payments problem goes far beyond that. It can be tackled only by extensive financial organization. At the Simla Conference there was full appreciation of the role which could be played by a fund for automatic support in situations, when export prices of raw materials take a steep downturn below agreed norms, and in the larger context, of the value of an Asian Payments Union. There was confident agreement that these agencies can be successfully organized in this region, although the time element involved in setting them up will be conditioned by the availability of adequate assistance from external sources. For the present, the participating countries realise that a regional bias must inform their development policies.

Cultural Delegations

THE frequent exchange of cultural delegations between India and foreign countries is symptomatic of the growing influence of India in fields other than international affairs and the realisation of the need for increasing understanding in a world which is trying to reconcile two opposing camps. Based on the Panch Shila, the cornerstone of India's foreign policy is peaceful co-existence. India feels that all countries need a peaceful environment for their economic and social progress to promote their culture and extend their friendship to new areas. Promoting cultural contacts is regarded as one of the surest means of promoting a peaceful attitude to questions which now create tension.

There is also an emphasis on the Asian contacts. India and the countries of West Asia and China are bound by ancient ties of history and culture. During the years of subjection to different colonial powers these ties were broken. It is but right that, with the attainment of independence, various measures should have been taken to strengthen India's relations with these countries.

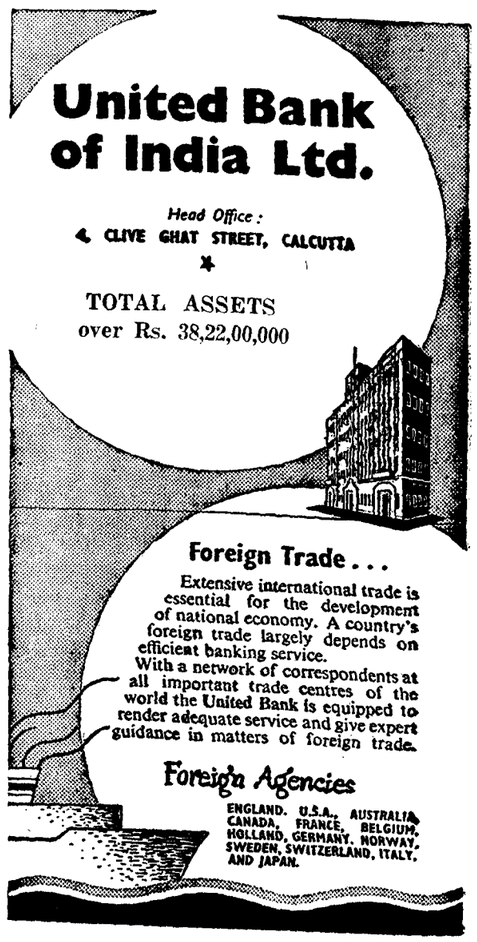
As a logical corollary of India's independent foreign policy, there has been an extension of cultural and economic relations with the countries of Eastern Europe and the U.S.S.R. as well. Apart from these broad and lofty objectives, there is also a more specific object served by cultural exchanges. The delegations sent from India, for instance, present—or are expected to present—to foreign audiences, through performances, something of the richness and variety of India's fine arts, especially music, dance and drama—classical folk and modern—which give concrete expression to India's unity in diversity. Our delegations also exchange experience with the people in the host country and learn something of their art and culture and both sides profit by such cultural interflow.

It is, however, unfortunate that not all the delegations we have sent abroad could claim to reflect Indian culture either in quality or in their representative character. Their composition has not been above board. A vast system of patronage has now grown up which vests powers of decision on cultural standards in strange hands. This is mainly because the officials concerned cannot claim to be well-versed in the cultural wealth of this vast country and are incapable of making an objective selection based solely on merits. Some of the undesirable influences that assert themselves in the recruitment to public services seem to have crept into the system of selection of personnel to cultural delegations too. Perhaps the most deplorable aspect of this selection business is the manner in which the legitimate claims of certain areas are ignored and artistes in the capital city, whose proximate importunities are irresistible, get themselves included in the cultural delegations going abroad. This naturally hurts the more capable artistes scattered over different parts of India who are not obtrusive enough.

Individual artistes have also been able to influence the Ministries of Education and External Affairs and get substantial financial aids to tour abroad. It is reported that only last year a substantial sum was given to a single ariste to tour European cities, while another dancer has been aided to go to the U.S.A. How is their individual contribution in raising India's prestige abroad to be judged in assessing whether they are worthy of the aid or not? Are the Ministries concerned the sole judge of whether they deserve such grants? There, certainly ought to be a limit to the Government surrendering itself to such influences from individuals who are supposed to interpret India's cultural heritage to foreign peoples.

The general complaint is that while second-rate musicians and dancers are, thus, able to jockey themselves into positions of prominence and get themselves enlisted in these delegations, first class artistes at a distance are often not even aware of the sponsoring of any delegation until the actual announcement is made by official sources. To give the latest instance, this black-out has, in fact, occurred in regard to the cultural delegation which has just been sent to China, which also confirms the charge of bad selection of artistes. Consisting of as many as 47 members, this delegation is hardly representative of Indian culture. While the difficulty of making every delegation fully representative has to be readily appreciated, one cannot help pointing out that the sponsors of this official delegation, the Sangeet Natak Akadamy, have been guilty of certain glaring sins of omission and commission. It is, first of all, packed with dancers and musicians belonging to the North and devoid of any really representative exponents of the Karnatic school of music and dancing. Karnatic music has, in fact, been practically excluded: apparently in the eyes of the Sangeet Natak Akadamy, not a single vocalist in the galaxy of talent is qualified. Bharata Natyam is represented by inferior talent, while the star arists who are happily still in good form have been omitted. And for Kathakali, is there not much better talent available than that now chosen? Moreover, it is hardly appreciated that it is instrumental, rather than vocal music which, by virtue of its universal charm, appeals better to foreign audiences. And yet not sufficient attention has been paid to the instrumental side.

The issue that arises is, whether art and culture should thus be departmentalised as in a totalitarian regime? Official selection of such delegations does not happen in respect of the free countries. It is only in respect of the tours to the Communist countries that the choice has become the government's responsibility, exactly in the way in which such delegations are chosen under these dictatorships. Should the occasion for exchange of cultural contacts be thus allowed to impose a totalitarian condition on a democratic country? Is it not part of our culture that there is freedom in our social system? If so, should it not be reflected in the free selection of artistes by regional and professional organisations? Is not the fundamental principle of co-existence—free exchange between differing political and social systems—being jettisoned by this wholesale import of a method devised under different auspices?



THE WEEK'S NOTES

RAPPROCHEMENT WITH TITO

TO MARSHAL TITO who had received fulsome praise in Moscow before he was violently denounced in June 1948, the extremely conciliatory mood of the Soviet delegation to Belgrade last week would have caused no surprise. The presence of the highest Soviet leaders fully vindicated the Yugoslav President before the Communist world but he does not appear to have been overwhelmed by this attention—in the manner in which other heads of satellite governments would have been. Mr. Krushchev was considered to be doing special honour to China when he visited Peking last year but Yugoslavia now shares that prestige. For over five years until the death of Stalin, Titoism had been a synonym for every kind of treachery and sin against the Communist doctrine as interpreted by Moscow. 'Titoist deviationism' has now acquired a respectable status and that indeed is an important development in the policy of the Soviet Union. It is hardly likely that the Soviet leaders thereby hope to draw Marshal Tito closer to the Communist countries. That may still prove impossible. There has been no attempt to make any synthesis of the differing Socialist ideologies of the two countries; and the agreement at the governmental level enjoins the scrupulous observance of the principles of non-interference, at all levels. The co-existence of rival Communist doctrines will be the sole outcome.

Because of his geographical and ideological position Marshal Tito will never be able to relax or abandon his old distrust of Soviet intentions. The Soviet leaders may believe that this reconciliation of an inveterate enemy would provide sufficient proof of their willingness to adjust themselves in order to relieve suspicion and tension in the world. The moral of the step cannot escape the other Governments of Eastern Europe, though they may lack Marshal Tito's strength to challenge the Soviet rulers. The blame for the breach in 1948 with Marshal Tito has now been put on Beria, but the fact is that the Russian leaders have completely owned their blunder and have sought to make amends to Yugoslavia, as clinching proof of the change in their international relations.

MR. FAZLUL HUQ VINDICATED

THE END of Governor's rule in East Pakistan has terminated a highly untenable situation, but, it is quite likely that the restoration of parliamentary government would prove a hotly controversial subject in West Pakistan. The Governor-General and the Prime Minister of Pakistan seem to have taken the entire responsibility for the decision as the only way of avoiding a repetition of East Pakistan's display of resentment during the elections to the Constituent Assembly this month. Mr. Fazlul Huq has once again become the central figure and his honourable return to political life, after he was accused of having become an enemy of Pakistan, shows how hollow and meaningless political accusations can be. Mr. Fazlul Huq is now assured of a prominent role in the deliberations of the Constituent Assembly and his co-operation with the other groups even in the formation of the Ministry depends much on his own discretion. It is quite likely that his future actions will be greatly chastened by his recent experiences and that he will be able to avoid the more impetuous attitudes which he took up after the sweeping victory of the United Front.

Whether the present step involves Mr. Suhrawardy being thrust into the background is not clear but his uncertain attitude while Mr. Fazlul Huq was in disfavour with Karachi cannot endear him to Mr. Huq. Politics can still permit flexible formulae but whether there is a split or not in the former structure of the United Front, it is now clear that the charge that the U.F. was wholly Communist-inspired was not true. The Government of Pakistan has done wisely in coming to terms with popular opinion even though the present step was dictated by necessity. The possibility of the inclusion of Ministers from the minority communities is yet another happy feature of the political developments in East Pakistan and may provide basis for hoping for an improvement in the status of the minority groups.

THE P.S.P.—FROM CRISIS TO CRESCENDO

EVEN FOR a party which has earned the reputation for being crisis-ridden, the developments this week at the meeting of the National Executive of the P.S.P. reveal a surprising lack of will among the members of the party to pull together. Hitherto, the P.S.P. was often accused of placing party above the country, but these personal wrangles offer proof that there is no such deep party loyalty, which can rise above the personal rivalries of some individuals. On the surface, these discordant forces appear to be the inevitable outcome of the differences between the moderates and the extremists, but such differences have existed in many political parties without leading to such unseemly manifestations, at least while in opposition. The present crisis in the P.S.P., which has arisen over the invitation to an expelled member to open a party conference, has occurred in an area which hitherto was regarded as the strongest party-centre. The extremist group has on this occasion spared no pains in provoking an open conflict. To compare this revolt to Bevanism within British Labour would be too flattering to the P.S.P. rebel group because there are no comparable issues of principle at stake.

Again a split in the P.S.P. seems inevitable, as Mr. Jaya Prakash Narayan forecast some time ago, but it is probable that the final showdown may be postponed to the annual party convention. An open split may well see the end of the party as a political force. The extremists may find that they will never be able to outbid the Communists while the moderates, who are even now being accused of pro-Congress leanings, may find it expedient to be more candid about their inclination to co-operate. That may be the end so far as the creation of a democratic opposition political party is concerned, but even that may be preferable to a party shaken by constant internal conflict and lacking any coherent programme or political philosophy.

THE HINDI COMMISSION

THE HINDI Commission, of which Mr. B. G. Kher will be the Chairman, is to have an unwieldy strength of 21 members. The personnel has been announced this week but the basis of the choice is not clear. The indications are that the enthusiasts will outnumber the more cautious advocates of the introduction of Hindi for official purposes. A compact body of less than 10 members would have sufficed for the purpose of taking evidence on the subject and formulating the main recommendations. (But there is a obligation under Article 344 for including representatives of the 14 languages, which has made the Commission too big). The detailed steps to be taken in pursuance of such recommendations could well be referred to a different expert body of Hindi scholars and administrators. Now both aspects of the question will be considered together and the results may not be quite happy.

The wording of the terms of reference follows Article 344 too closely and therefore tends to become ambiguous. It is not clear how the question of restriction on the use of English "for all or any" of the purposes of Union can arise now, so long as the Constitution specifies the period for which English should

continue to be the official language. The question of numerals, which was left open when the Constitution was brought into force, should once for all be settled in favour of the international numerals and there should be no hesitation in rejecting the agitation for the Devanagri numerals. There is also the question of the language of the courts, which is now governed by Article 348 of the Constitution, but it seems unlikely that any serious change would be contemplated; the next Commission to be appointed in 1960 may have more to say on the subject.

The preparation of a time-schedule for the replacement of English, which is the last in the terms of reference, is the most important. Already a controversy has arisen over the language policy for competitive examinations for candidates from non-Hindi areas and the assurances given by the Prime Minister and the Home Minister have clarified the position and allayed suspicion. But that only relates to the interests of certain groups in the public services and the clarification does not answer the doubts about the wisdom of substituting Hindi at a fast pace even for the candidates from the Hindi speaking areas. There is now more doubt even among men who were once prepared to be dogmatic on the subject of forcing the adoption of Hindi. Mr. Hare Krishna Mahatab's speech at the Hindi Vidyapith this week was a wise statement of the problem and his emphasis on the social and cultural aspects of the language question was timely.

FORD ACCEPTS GUARANTEED ANNUAL WAGE

THE STRIKE in the Ford factory at Detroit has been settled this week on terms which are bound to have great importance to the economy of the U.S.A. The negotiations between the Ford Motor Company and the United Automobile Workers Union can have far-reaching implications for American industry. For the first time, a major company and a major union in a mass-production industry have agreed to a form of guaranteed annual wage. The result is not all the union wanted. But the Company's so-called unemployment benefit plan would supplement a worker's State Unemployment Compensation payments during period of lay-off. It would bring his income up to 65 per cent of normal for the first four weeks and 60 per cent for the next 22 weeks—a total of 26 weeks. To finance the plan, Ford will set up trust funds that can amount eventually to $55 million

Ford is in a race for the industry's sales leadership with General Motors—now engaged in last-ditch negotiations with the Union before its contract runs out—and Chrysler, which has yet to start its negotiations with the Union, Ford is making a substantial recovery this year after last year's decline. So, with business good and competition keen, the Union's position is considered reasonable. The total value of the benefits secured by the Auto Union—including the employment plan, productivity and cost-of-living wage increases, and such "fringe" benefits as improved pension, vacation and holiday programmes—is estimated at 20 cents an hour for every Ford worker. This is considered to be the most generous settlement ever secured in the auto industry and is twice the size of the average gains in other industries so far this year. This 20-cent increase raises Ford's labour costs by nearly 10 per cent, and it may result in a slight rise of prices on 1956 models, which will be coming out later in the year. Some industrialists see dangers in wide-scale acceptance of the Guaranteed Annual Wage principle, apart from the question of increased costs. They believe that it tends to put stability before growth, inhibiting the hiring of new workers. But the Union's insistence on a guaranteed wage reflects its belief that this type of worker security can be linked effectively with continued industrial progress by providing incentives to minimize seasonal production cycles and schedule work on a more stable basis.

NEW COMPANY REGISTRATIONS

EIGHTY-EIGHT new companies limited by shares with a total authorized capital of Rs. 15.36 crores have been registered during the month of February, 1955. This brings the total number of companies registered during the period of eleven months in the fiscal year 1954-55 to 1076, with an authorized capital of Rs. 207.48 crores. During the corresponding period last year, 1087 companies with a total authorized capital of Rs. 43.65 crores were registered. The largest floatation during February, 1955, was the Caltex Oil Refinery of India Ltd. (Bombay), with an authorized capital of Rs. 6 crores. This company ranks as the fifth largest floatation during the first eleven months of the fiscal year 1954-55.

During the period of eleven months, i.e., from April, 1954 to February, 1955, 472 companies with a total paid-up capital of Rs. 3.8 crores ceased to work, while during the corresponding period in the fiscal year 1953-54, 493 companies with a total paid capital of Rs. 2.44 crores went into liquidation. Net increase in the paid-up capital of the companies reported during the month of February, 1955, has been of the order of Rs. 1.83 crores as against Rs. 1.43 crores during the corresponding period last year. The cumulative net increase in the paid-up capital of companies during the first eleven months of 1954-55 is Rs. 39.75 crores, as against Rs. 33.68 crores during the corresponding period of the fiscal year 1953-54.

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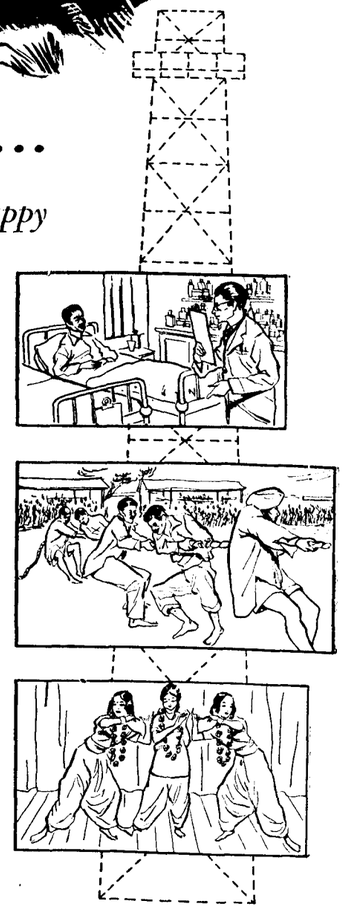
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A Window on the World

SAINT ON THE MARCH

BY

ODYSSEUS

MR. HALLAM TENNYSON'S "Saint on the March" (Gollancz, London, 1955. 13sh. 6d.) is (as I was saying last week) remarkable, first, because Mr. Tennyson has not just paid the average journalist's fleeting twenty-four hour "impressionist" visit to Acharya Vinoba Bhave, but has lived with him for many weeks in his pilgrimage around the mofussil and has therefore penetrated below the surface of village life and of the Bhoodan movement; secondly, because Mr. Tennyson has an exceptional command of the English language: he writes with imagination, fire, poetry, and, not least, deep conviction; thirdly, because Vinobaji appears to have given his confidence to Mr. Tennyson so that his book is a gospel of Vinobaji, the prophet, as the books written by Matthew, Mark, Luke, and John, were gospels of their spiritual leader's faith and works. However, you look at it, Mr. Tennyson's book cannot be ignored.

I am not qualified to consider its metaphysical, ethical, and philosophic aspects, but limit myself to setting forth the reactions of a plain man to the economics and political science implied in Vinobaji's faith, as it emerges between the lines of Mr. Tennyson's pages. I wish to emphasise that I respect Vinobaji's spiritual message and that my comments on his economics are offered with no hostile intent but as from a well-wisher who seeks to clarify his own mind on the problems raised.

Last week, I sought to establish that Bhoddan should not be confused with legislation for the abolition of Zamindari which in effect eliminates a rent-gathering class and transfers ownership of the land to the occupying tenant. Bhoodan, on the other hand, seeks to shame the landlord into giving his superfluous acres to the landless labourer who did not previously farm on his own account. The statistics of India's cultivable acreage suggest that while possibilities exist for a redistribution in certain areas, the re-distribution of all India's land to all India's rural population would give each less than an acre per head, create fragmentation on a national scale, and send down national agricultural output. Nevertheless, I agree that if Bhoodan is regarded as a method of re-distributing acres in specific localities where they chance to be superfluous, the scheme is workable and sound.

A "LOAFING TRAMP"

But according to Mr. Tennyson, Bhoodan is much more than that. To Vinobaji, "the movement is either the first step towards a total revolution of society, a revolution through love, or else it is nothing.... 'We do not aim at mere acts of kindness but at creating a kingdom of kindness'". This kingdom would be one in which the peasant, not the bureaucrat, is king. Although the land might be held on trust by individual farmers, the village itself would be the real owner of it, deciding how the acreage can best be divided. Vinoba wants each village to become as self-sufficient as possible in food and clothing, not exporting either of these primary necessities until local needs have been met. He opposes the growing of cash crops—coconut plantations for American hair oil or British soap, jute for sacking, mats and string, all made in distant factories—not only because the primary producer gets, he says, the "merest pittance" out of the "fat profits" of the industrialist, but because he believes that reliance on cash crops as a main source of income introduces greed, destroys the farmer's sense of community, and substitutes no social values in return. "What human meaning exists in the fact that an undernourished peasant on the Malabar coast should toil ceaselessly to produce the material needed for foundation creams sold in Bond Street?" To Vinoba "money tells lies and is like a loafing tramp".

We agreed last week that the proposition that village lands should be held in common was practical—it works against fragmentation and, under a free enterprise system, could raise the productivity of the land. But as for the rest of Vinobaji's thesis, I cannot help feeling that if a British official had put this forward in pre-independence days, he would have called violent Nationalist wrath down on his head, because the result would be to halt the industrialisation of India, to eliminate independent India as a force in world affairs, to render the peasant immobile in his native village, a serf in fact (though not in theory), his position governed not by contractual relationships but by those of his status, which in turn would mean the continuation and strengthening of caste.

I am not now discussing whether this is good or bad, but am merely anxious that the implications of Vinobaji's gospel, as reported by Mr. Tennyson, are realised.

What is money? It was invented to make life less difficult. It is a convenience that, as its use spreads, gradually sets the individual free from the fixed status imposed upon him by the necessities of barter. If the village carpenter or weaver receives the reward of his services in kind, the practice (whatever the theory) makes it difficult for him to change his occupation and helps to stratify society in castes. Nor is there much incentive to devise improved methods under such a system. It is possible for the standard of living to be raised slightly in the course of the centuries but any solid gain must be at a snail's pace because the degree and rapidity with which wealth increases are closely related to the degree that the division of labour exists. By and large, the greatest wealth arises from a nation-wide, combined with an international, division of labour, but in Vinobaji's scheme each village is to be self-supporting in food and clothing so that the scale of the division of labour is strictly limited. Industrialisation would be killed because it depends on cash transactions and on the division of labour. India would thus revert to a hundred per cent agricultural economy of small village holdings.

If cash crops for the production of foreign hair oil, soap, jute, and presumably all other manufactures for export, are stopped, India must learn to do without railways, telephones, aeroplanes, the motor buses that ply between village and market town, and all other modern methods of transport, and her armed forces must give up tanks and artillery in favour of bows and arrows—because all these and other commodities too numerous to list (see the Commerce Ministry's "Statistical Abstract of India's Foreign Trade") are (in whole or in part) imported and are paid for by exports of the forbidden cash crops.

COMPETITION, GREED: STATUS, SLOTH

You may argue, of course, that a moneyless society, governed by status, is socially healthier and happier, but, if so, you must be clear that you have abandoned industrialisation, foreign trade, and the ability to play an influential role in the counsels of the nations.

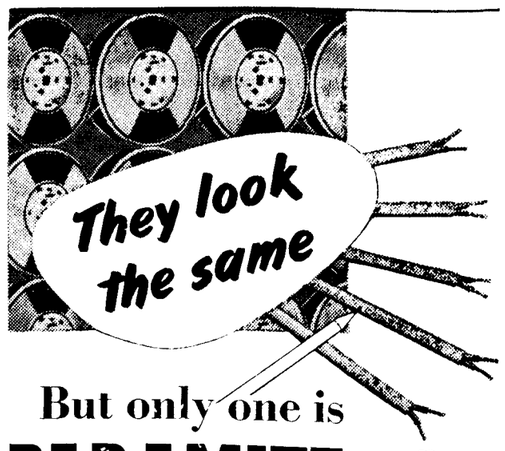
Many questions are begged when it is implied that under a cash system the peasant must inevitably get only a "pittance" and that the profits of the industrialist must inevitably be "fat". Would that they were! We should all go into industry then! By "greed" is presumably meant the spirit of competitiveness which, in a free enterprise system, leads to new ideas and methods and so to a rising standard of living. Of course, competition has the defect of its virtue, and in individual cases may degenerate into greed, but every system has the defect of its particular virtue, and if the system of status and caste is identified with contentment and social security, its corresponding defect is apt to be sloth and stagnation, complacency with all things as they are just because they have always been done that way. Was it not India's economic stagnation, rigid social stratification, and spiritual sloth or self-complacency with things as they were that led to the loss of her independence in the eighteenth century? Has it not been India's gathering economic strength, the emergence of enterprising leaders, like Gandhiji and Nehru, who broke free from caste, and the renaissance of her spiritual values by impact with, and reaction to, the West (as examplified from Ram Mohan Roy to Gandhiji) that have enabled her to recover her independence?

But according to Mr. Tennyson, Vinobaji does not reject industrialisation. "To him, machinery is morally neutral: it is man's misuse of it which constitutes the sin", an unimpeachible observation with which all may agree. "Service of man should be the sole test," he goes on. What does this mean? "....that small factories should be operated by each group of villages to meet local needs—such as agricultural implements, household and house building materials....industries which require mass production or a high degree of centralisation—electricity, mining, transport, communications, steel—should be restricted to the minimum necessary for the country's reasonable comfort and convenience, and that co-operative farms should be attached to such industries so that the workers can have a healthy, open air occupation for half of the working day...."

If machinery is morally neutral, can we not agree that money is also? That money only tells lies when men misuse it, and that it is not money but its misuser who is the "loafing tramp?"

Heartily do I endorse the suggestion for the decentralisation of industry. Indeed, I can claim to have done something towards helping along this desirable movement in India, for on July 3, 10, and 17, 1953, I explained on this page the remarkable, practical demonstration of what can be achieved in the ruralisation of industry by describing the pioneer work of B. D. and B. K. Patel at Vallabh Vidyanagar at Anand in the Kaira district of Gujrat. It must, however, be realised that the electrification and general streamlining of village industries would be virtually impossible on a barter system of exchange. Production would be intolerably slowed down and could not compete with urban factory output.

Finally, I could not agree more with the view that industries which require mass production should be "restricted to the minimum necessary for the country's reasonable comfort and convenience". Again and again have I upheld this unimpeachible thesis in this column. In so far as the private sector of India's economy is governed by competition, all her industries are automatically adjusted and restricted, by the working of supply and demand, to her requirements. In so far as the public sector is governed by official plans and subject to departmental controls, adjustment is dilatory and uncomfortable.



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WORLDGRAM

AGRICULTURE

Soyabeans Production in U.S.A.: The United States now produces more soyabeans than any other country, having increased its acreage from 1,785,000 in 1925 to 16,136,000 in 1952 and annual bean production from 5,000,000 bushels (about 60 pounds per bushel) in 1925 to 282,477,000 bushels in 1952. Commercial soyabean production has become a well-established industry, especially in the North Central States of Illinois, Indiana, Iowa, Minnestoa, Ohio, and Missouri. It is expanding in the U.S. South as new varieties adapted to the region are being developed. More than 100 named varieties of soyabeans now are handled by domestic growers and seedsmen in supplying farmers in the 30 states in which soyabeans are an important crop.

*

Control of 'Blast' of Rice by Spraying: Blast is the most serious disease of the rice crop, particularly in peninsular India. The most effective way of combating the disease is to grow varieties resistant to it. A few such varieties have been evolved in Madras for special tracts, but they are not suited for cultivation everywhere in India. Breeding of other resistant varieties is, therefore, being undertaken at Cuttack, Madras, Bombay and elsewhere. The damage caused by the disease can be controlled by spraying the crop with fungicides, like Coppesan and Bordeaux mixture, four or five times during the crop season. The cost of spraying such chemicals is, however, high and investigations have been undertaken at the Central Rice Research Institute, Cuttack, with a view to reducing the cost. The results obtained have shown that by using 'low volume' nozzles in sprayers the normal requirement of 100 gallons of the spray fluid per acre can be reduced to 25 gallons per spray and is almost as effective in controlling the attack. The cost of four spraying of the crop with 'low volume' nozzle is only Rs. 8 to Rs. 12 per acre. The investigation has also shown that the cost of spraying can be further reduced, especially in seasons in which the infection of leaves is not severe, by spraying only twice, once at the time of flowering and then a week after flowering.

*

Ancient Asian Plant Promises Increased Food and Industrial Uses: A plant resembling the potato which has been used as food by Asians for 2,000 years may become another product useful to the West for human food, livestock feed and industrial uses. Indigenous to Asia, the vegetable is called the dasheen. The work of U.S. Department of Agriculture scientists has already resulted in commercial production of the dasheen. The plant has been grown for many years in both the tropical and subtropical areas of Asia and in the Pacific islands. It produces edible corms (bulbs) and tubers and is similar in its properties to the potato but contains less water, more starch and protein. Dasheen corms weight up to eight pounds. The tubers, which are considered superior to the corms for human consumption, range in weight up to more than one pound. They are usually light violet in colour and, when properly cooked, are rich and mealy with a delicate nutty flavour. Young dasheen leaves may be cooked as greens. Blanched shoots from the corms, grown in darkness, are also useful as a vegetable. They have a flavour resembling that of a mushroom. Tasty dasheen chips, made by frying in fat, are already on the U.S. market. The dasheen's industrial uses are for flour, starch and industrial alcohol. While the plant has been grown commercially in the United States since 1913, recent successes of U.S. Government scientists have increased its production in the subtropical state of Florida in the South-eastern corner of the United States.

INDUSTRY

Industrialisation of Yugoslavia: The industrial production in Yugoslavia is now 201 per cent higher than before the war, and the number of employed workers shows an increase of 650,000. The last ten years have seen the building of 2,500 new industrial plants, not counting armament factories and ship-yards. The consumption of electrical power was three times as great as before the war, 69 new power stations having been built. The production of pig iron which in 1954 reached 503,000 tons was five times greater than the pre-war figure, while steel production amounted to 707,000 tons as against 222,000 tons before the war. In the metal industry 49 new factories had been built and 29 enlarged, with the result that production is now four times that of the pre-war annual total. In the electrical industry 25 new plants have been erected and production increased by 205 per cent. The timber industry has increased production by 132 per cent and cellulose production has gone up by 171 per cent. The output of coal mines has more than doubled as has also that of the textile industry. An extraordinary increase has also taken place in oil production. Before the war only two wells were being worked and these produced 1,000 tons annually where as last year, as a result of new oil fields which have been opened up in the last 10 years, production reached 216,000 tons.

*

Standards for Handloom Cotton Fabrics Drafts Circulated for Comments: Thirteen draft Indian standards specifications covering the following items of handloom cotton fabrics have been circulated by the Indian Standards Institution for comments. The items are: Turkish towels, bleached striped, or dyed honey comb towels, bleached, striped, or dyed Ructnabarsh towels, bleached, striped, or dyed Table cloth, bleached, striped, or dyed Dusters, grey, and striped Sponge cloth, grey, and striped Jaconet cloth grey, dressed Ticking cloth, grey, striped Pandage cloth, bleached China sheeting, grey Floor durries, Bed durries. These draft standards prescribe general requirements of the fabrics, such as quality of yarn, freedom from defects, etc., and specific requirements, such as ends per inch, picks per inch, weight, breaking strength, width and length, colour fastness, and scouring loss. Methods of test for the determination of the above characteristics have also been referred to. The manufacturing particulars and corresponding samples of handloom fabrics, produced in different parts of the country, were scrutinized before selecting varieties in each item for the purpose of formuation of standards, for Handloom Cotton Fabrics.

*

Wire-Gauze Production in Australia: Over 25 million square feet of wire-gauze is produced annually in Australia, which is put to a variety of industrial uses including the manufacture of radiator guards, oil filters and spark screens and the reinforcing of acoustical materials. One of the major manufactures of wire-gauze in Australia is the Ceylon Company of Australia Ltd., who recently opened a £A250,000 factory in Queensland. This company now has eight modern factories in Australia producing wire-gauze and other products, from industrial scaffolding to chain wire gates and complete shearing sheds. Wire-gauze is made in different meshes from a variety of gauges of wire—the meshes are numbered according to the number of squares to the inch. Thus a No. 12 mesh has 12 squares to the inch; a No. 18 mesh with 18 squares to the inch is correspondingly finer. The mesh is also made in two kinds of metal—Zincold which is a high quality bright steel wire electro-galvanised after weaving, and bronze composed of 90 per cent pure copper and ideal-

ly suited for long lasting in coastal or tropical areas or where corrosion is usually rapid. No. 16 mesh, particularly suitable for mosquitoes and other small insects, has proved especially popular in tropical areas and is recommended in all areas where the mosquito is a nuisance.

TRADE

Soviet-Iranian Trade Relations: A trade agreement has been signed between Soviet Union and Iran concerning mutual goods deliveries for 1956. Under the agreement that has been reached the Soviet Union will supply Iran with cotton textiles, rolled metal, cement, various equipments, automobiles, farm machinery, chemicals, timber and other goods, in exchange for Iranian rice, cotton, wool, hides and skins, fish products, dried fruits, seeds of oil-bearing plants, ores and other commodities.

*

Decline in Tea Imports in U.K.: Britain's imports of tea (net) for consumption during the first quarter of 1955 were about one-eighth less than in the same period of last year. At the end of April, stocks in warehouses stood some 40 per cent higher than 12 months previously. U.K. tea imports (net) for consumption for the first three months of 1955 totalled 119,650,000 lb., compared with 134,880,000 lb. in the corresponding period of 1954, the figure for March 1955 being 37,840,000 lb., compared with 47,500,000 lb.

*

Greek Japanese Trade Agreement: Payments and trade arrangements were concluded in Athens between the Greek and Japanese Governments on March 12. The arrangements, which took effect from April 1, are valid for one year and will be renewed automatically unless either party gives 90 days' notice of termination. The payments arrangement establishes single Open Account in the Bank of Japan. Payment for goods and services between the two countries to be made in to the account is to be expressed in U.S. dollars. The swing limit is 250,000. By mutual consent, credits accruing from trade with a third country may be entered in the account and transfers to the accounts of a third country may be debited in the account. The trade Arrangements envisage a volume of trade of 2.5 million each way. Japanese exports will consist of machinery, metals and metal products, chemicals, potter, textile and miscellaneous goods. Greek exports will be leaf tobacco, dried fruits, olives and olive oil, raw cotton, mining products, raw hides, and miscellaneous goods.

FINANCE

World Bank Loans Reach $2,250 Million: Since eight years of its operation the United Nations International Bank for reconstruction and development (World Bank) has granted almost $2,250 million in loans to countries throughout the world. In Asia, India received the greatest amount to be used for general development. In Western Europe, the largest World Bank loans have been made to France and Netherlands, primarily for post-war reconstruction. None of the loans has been defaulted so far. About one fourth of the loans have been given for electric power developments. Slightly lesser amounts have gone for post-war reconstruction, and transportation and communication facilities. In Latin America, Brazil and Mexico were given the largest loans and on the African continent, the Union of South Africa got the greatest share.

*

More Development Aid for Small-Scale and Village Industries: The Government of India have sanctioned further grants and loans for the development of small and village industries. A number of States have been granted loans for the development of small-scale industries. The amounts are to be disbursed to cottage and small-scale industries under the State Aid to Industries Act or other Regulations in force for the purpose. Madras gets Rs. 2,50,000, Hyderabad Rs. 2,22,850, West Bengal Rs. 2,00,000, Orissa Rs. 1,75,000, Punjab Rs. 1,50,000 and Andhra Rs. 1,00,000, Jammu and Kashmir gets Rs. 50,000. Uttar Pradesh has been sanctioned a loan of Rs. 1,77,000 and a grant of Rs. 61,000 which will be given to the Industrial Co-operative Society Limited at Allahabad for setting up 21 match factories at Allahabad. West Bengal has been authorised to use during the current financial year the unspent balances of the grant of Rs. 1,89,000 sanctioned in September, 1954 for the development of small-scale engineering industries at Howrah. For the development of the soap-making industry using non-edible oils, the All-India Khadi and Village Industries Board has been sanctioned a loan of Rs. 26,05,000 and a grant of Rs. 12,61,675. A sum of Rs. 50,000 has also been placed at the disposal of the Board for giving grant to individuals or institutions for research in Khadi.

*

U.N. Technical Aid for Israel for 1955: A $286,000 U.N. Technical Assistance programme for the 1955 fiscal year, providing for 32 experts to visit Israel and 39 Israelis to study abroad, has been announced by the U.N. Technical Assistance Board. This is only the basic part of the year's programme, which eventually is expected to cost $400,000. Each item in the programme was requested by a Ministry or an organization. In the past, both the Government and Industry have made full use of such assistance in various fields. The overall U.N. Technical Assistance world programme involves the recruitment of 1,600-1,800 experts, some of whom will be supplied by Israel. Last year four Israelis were sent to Ceylon to assist in the local production of salt, while a fisheries expert was sent to Haiti. Israeli also acted as host to U.N. fellows from abroad, with nine students from Korea, Brazil, British Guiana, Burma and India electing to study social welfare, fisheries and other subjects here.

MISCELLANEOUS

IBRD Economic Development Institute: The International Bank for Reconstruction and Development announced on March 11, the establishment of an Economic Development Institute which will be open to senior government officials from the Bank's member countries. The Institute will serve as a staff college where the participants will join in an intensive seminar on the formulation of development policies and the organization and administration of development programmes. Each of the first two seminar will be for a six-month period, the first to commence in January 1956 and the second in October 1956. The Institute will be located in or near Washington. The Rockefeller Foundation and the Ford Foundation each have made available $85,000 toward the cost of operating the Institute during a two-year period. These funds represent half of the estimated cost of operating the Institute during this period and the remaining cost will be met by the Bank.

*

Sterilizing Food with Atomic Products: Radioactive cobalt is to be used in Sydney, Australia, in experiments at the New South Wales University of Technology to sterlize canned foods, and to kill micro-organisms which destroy canned food products. At present foods are sterilized by heat. It is hoped that the new method will be more economical. The cobalt will be contained in small cylinders obtained from the British Government's atomic research, station at Harwell, Berkshire. It will be placed inside a sealed room with concrete walls four feet thick. Room and equipment will cost £A10,000. The scientists will endeavour to ascertain how much radiation is needed for sterlization, and how much to kill micro-organisms. It is hoped also that the process will do away with flavours in canned food sterilized by heat and that atomic sterlization will not result in flavours of its own. The Food Technology Association of Australia is co-operating in the experiments.

NEWS IN BRIEF

INDIAN

The Union Communications Ministry has arranged with the Airways India for the operation of a weekly air service between Calcutta and Andamans. The contract is for three years.

*

More central Government offices are planned to be built during the second Five-Year Plan period to keep pace with the increasing number of Government departments. The Central Public Works Department proposes to build offices all over India at an estimated cost of Rs. 1,250 million each year.

*

The Government of India has decided to establish a disease control unit in the Food and Agriculture Ministry to assist and supplement the efforts of State Governments in controlling plant pests. The unit is expected to operate ten centres each having a number of states under its jurisdiction.

*

The Government of India nave appointed an one-man Commission comprising Mr. S. Ramaswami of Dehra Dun, Forest Research Institute to assess the Rauwolfia Serpentina (Sarpagandha) wealth of the country.

*

The Andhra Government have ordered conversion of 55 revenue villages in the state into panchayats before December 1. These are in addition to the 55 already ordered to be constituted into Panchayats.

*

The Government of India proposes to recruit foreign technicians to assist small-scale industries in India in their technical problems.

*

The total value of trade transacted between India on the one hand and West Pakistan, Afghanistan and Iran on the other in March 1955, amounted to Rs. 64,88,794 as compared to Rs. 55,34,219, in February, 1955. The value of exports was greater than that of imports by Rs. 6,21,460.

*

The PEPSU Government have decided to set up 14 information centres at the head quarters of N.E.S. Blocks in the State. These centres would be opened at Malerkotla, Dhusi, Doraha, Bhatinda, Patiala, Rajpura, Nabha, Nalagarh, Sangrur, Jind, Sunam, Barnala, Phagwara, and Kotkapura.

*

A sum of approximately Rs. 1,400,000 has been allotted to various district planning Committees in Uttar Pradesh by the State Government for undertaking self-help schemes and special projects during the current financial year.

*

The Government of India has approved the proposal of the West Bengal Government to set up a coke oven plant at Durgapur costing about Rs. 5.5 crores on the lines indicated by the Coke Oven Projects Enquiry Committee.

*

The Union Health Ministry of the Government of India proposes to set up the expenditure on rural and urban water supply sullage and drainage schemes from Rs. 18 crores under the first Five-Year Plan to Rs. 20 crores under the second Plan.

*

The all-India final estimate of Jowar for 1954-55 puts the current years area and production at 43,456,000 acres and 9,092,000 tons as against 43,657,000 acres and 7,913,000 tons in the partially revised estimate for 1953-54.

FOREIGN

No less than 36,512 new passenger cars were registered in Sweden during the first four months of 1955. Out of these 8,380 were Volkswagen, 7,137 the all-Swedish Volve, 5,596 General Motors Cars and 4,408 of different models.

*

Taking output on a man-hour basis, Britain's Royal Mint struck more coins last year than in any previous year. They numbered 506,266,769 and weighed 2,470 tons.

*

Britain is buying more goods from West Germany than she has done since the end of the war. In the first three months of 1955, imports from that country came to £22 million.

*

It is reported that the Government of Ceylon will shortly appoint a commission on Marriage and Divorce Reforms to make divorce in the island easier.

*

The Ceylon Government has approved of a six-year economic development plan, costing Rs. 210 crores. The plan envisages full employment through expansion of industries and development of Agriculture.

*

The four major groups of electrical engineering companies of the U.K. propose to build atomic power stations and have, for that purpose, set up active trading and sales organisations.

*

Through Ford Foundation grants, village artisans will be trained in India, a school of library science will be established at the University of Ankara, Turkey; and a study will be made of a new type of sun stove for Asian countries.

*

Russia has delivered the first consignment of five and a half tons of Iranian gold held in Moscow since World War II back to Iran.

*

In 1954 the German Ship-building industry produced 240 ships with a total tonnage of 724,354 gross register tons, bringing Germany to fore among the big ship-building nations of the world.

*

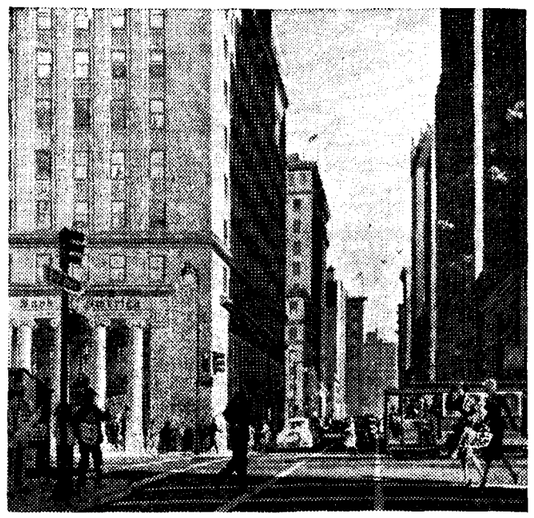
It is reported that wholesale prices were generally stable in most countries through 1953 and the early months of 1955.

*

A new field office for the International Labour Organization covering Mexico, Central America and the Caribbean was formally opened on 11 May by I.L.O.'s Deputy Director General and Mexico's Secretary of Labour.

*

Europe will get its longest international bus service next year as a result of decisions recently taken by Governments in the U.N. Economic Commission for Europe.



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United States Government Securities and Securities Guaranteed by the Government	2,414,191,925.87
Federal Agency Securities	167,123,060.20
State, County, and Municipal Securities	565,439,454.38
Other Securities	114,137,926.86
Stock in Federal Reserve Bank	10,500,000.00
Loans Guaranteed or Insured by the United States Government or its Agencies	1,230,573,393.30
Other Loans and Discounts	2,812,738,751.23
Accrued Interest and Accounts Receivable	38,266,946.53
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults	74,421,807.25
Other Real Estate Owned	1,802,647.53
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	275,838,505.00
Other Resources	1,796,351.47
TOTAL RESOURCES	$ 9,163,355,289.49

LIABILITIES

Capital	$ 150,000,000.00	
Surplus	200,000,000.00	
Undivided Profits	111,140,888.22	
Reserves	5,455,800.10	
TOTAL CAPITAL FUNDS		$ 466,596,688.32
Reserve for Possible Loan Losses		62,618,458.13
DEPOSITS { Demand	$ 4,192,260,317.72	
DEPOSITS { Savings and Time	4,078,274,433.42	8,270,534,751.14
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes		178,554,052.21
Reserve for Interest Received in Advance		30,660,665.00
Reserve for Interest, Taxes, etc.		54,390,674.69
TOTAL LIABILITIES		$ 9,163,355,289.49

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Condensed Statement of Condition December 31, 1954

RESOURCES		LIABILITIES	
Cash and Due from Banks	$ 55,982,847.06	Capital	$ 10,000,000.00
United States Government Obligations, direct and fully guaranteed	39,185,414.50	Surplus	3,000,000.00
Other Securities	47,976.62	Undivided Profits	947,555.55
Loans and Discounts	56,929,157.82	TOTAL CAPITAL FUNDS	$ 13,947,555.55
Accrued Interest	234,154.75	Reserve for Possible Loan Losses	807,299.64
Customers' Liability on account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes	45,539,141.88	Deposits	126,558,914.27
Other Resources	397,441.43	Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances Bills and Notes	46,322,451.63
		Reserve for Interest Received in Advance	231,629.99
		Reserve for Interest, Taxes, etc.	552,483.74
TOTAL RESOURCES	$188,406,334.06	TOTAL LIABILITIES	$188,406,334.06

COMBINED RESOURCES OVER $9,300,000,000

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BOOK REVIEWS

TECHNIQUE FOR REVOLUTION

A Century of Conflict: By Stefan T. Possony, Professor of International Politics, Georgetown University. Published by Henry Regnery Company, Chicago: 1953: Pages 439: Price $7.50.

The subtitle describes the book as dealing with Communist Techniques of World Revolution. In much current thought, Karl Marx is regarded as a social thinker with an unusually influential theory of economic and political reform, more or less like Rousseau or J. S. Mill. Hence the naive feeling in influential liberal circles that all we need to do to counteract communist thought is to study and criticise Karl Marx's economic theories.

A study of this work will teach the utter inadequcy of this attitude to combat communism. For communism from the days of Marx and Engels is here demonstrated by full documentation to be primarily an 'art' of revolution making full use of military strategy and tactics. The author shows that both Marx and Engels had studied military manuals and thought of war as an indispensable means of accomplishing world revolution. Further, communism in its essential idea and foundation is world-wide in scope and connotation. The founders contemplate the final triumph of communism in the whole world as the next inevitable stage of world history.

Lenin followed out this central idea and before and after the Russian Revolution contributed materially towards advancing the 'know-how' of world revolution. Stalin perfected this technique or art of war and revolution.

The main emphasis in this remarkable book is thus on the Communist strategy and tactics of war and revolution. It shows how the Russian strategists studied the axioms of German war thinkers like Clausewitz and applied them to the conditions of world revolution.

After the Russian Revolution, the Russian Soviet State is regarded as the fatherland of socialism to which the Communist parties in all capitalist countries should owe allegiance. Their duty is to influence the public of their countries to support Soviet foreign policy.

From this central principle follow all the details of Communist work. Communists are trained like soldiers to obey party superiors and carry out the ideas they recommend. The Sixth Congress of International Communism held in 1928 lays down the lines of world revolution plainly. The author considers the Resolutions and Theses of this Congress to be equivalent to Hitler's 'Mein Kampf' in its deliberate and solemn declaration of an intention to conquer the whole world through infiltration, fronts, demoralisation of the governing classes, peace campaigns, encouragement of colonial wars to free Asian peoples, democratic fronts etc.—all culminating in the formation of revolutionary 'armies' coming into the open at the appropriate time.

This conclusion emerges as the natural outcome of the author's meticulous study and presentation of the moves and counter-moves of the Communist theoreticians like Marx and Engels, makers of revolution like Lenin and stabilisers of it like Stalin.

The book throws light on the rationale of Russian diplomacy through the inter-war years right up to the present day till Stalin's death. The book is indispensable to all publicists and politicians in the free world.

THE AMERICAN MIND

The American Mind: By Henry Steele Commager: Published by Yale University Press: Pages 453—of bibliography: Price $5: 1950.

The subtitle describes the book as an interpretation of American Thought and Character since the 1880's.

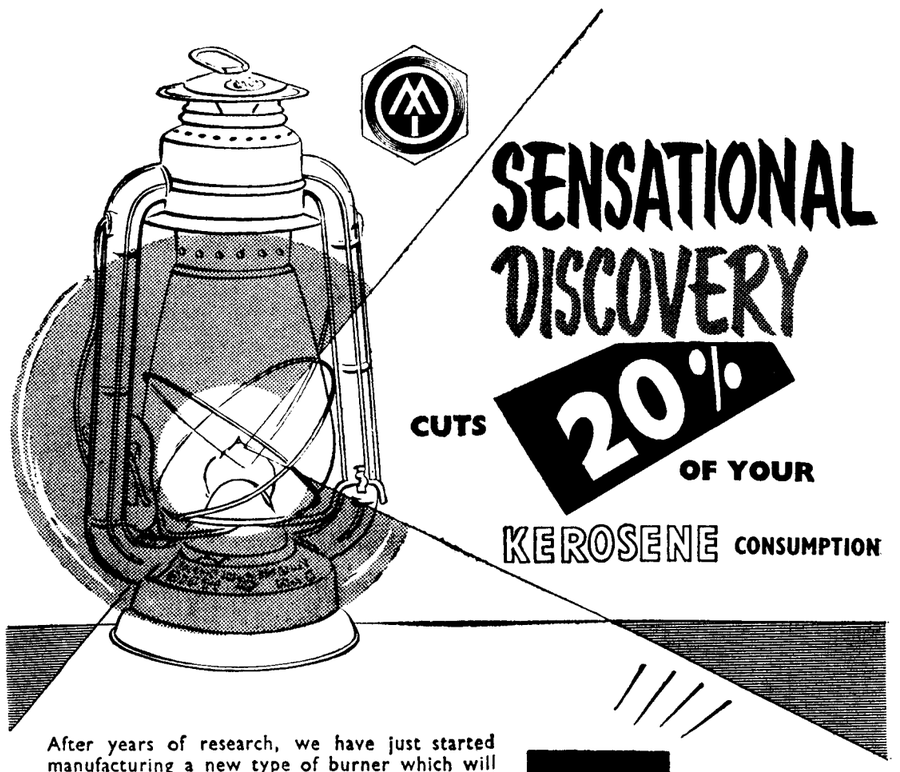
Character and personality whether that of individuals or nations elude formal definition but are unmistakable facts of experience. The best way of revealing them is to see them in operation grappling with problems of life and thought. Mind is what it 'does'. Professor Commager follows this method in revealing the major traits of the American Mind. He puts his survey of the self-moulding process of American life between two chapters, the first sketching it in the middle of the nineteenth century and the second portraying it as it has become in the middle of the twentieth century.

New forces like evolution, pragmatist philosophy, new science and the enormous development of technology and big business, the vanishing of the frontiers, new thought in sociology, politics, religion, law and education, new thought in economics and the two world wars have effected a tremendous transformation in the inner horizon of the American mind as well as in the external position of the American nation and citizen in the world.

What is the result? Is the American of today prepared for the responsibilities of his world position? How much of his robust faith and self-confidence, his democratic instincts, his respect for equality, his wonderful hospitality and generosity, his zeals for reform etc., remain? How much of his strength of character born of glad work under the strenuous conditions of the old life of clearing the jungle and mastering nature has survived under the shock of urbanism, economic uncertainty, depression, the spectacle of the disappearance of liberty in Germany and Russia etc., as well as the new easy philosophies of pleasure and "good time?" Professor Commager surveys the literature of revolt and feels that the writers missed something of the stamina of American life as revealed in the war effort. He feels that the contemporary American is much the same as the older generations, only more complex and more perplexed but with his national vitality unimpaired.

Evolution, pragmatism, Freudianism and the increasing influence of the State in social, political and economic reconstruction have changed the inner horizon of the American mind. John Fiske, William James and Dewey are described as the prophets of the new era. But the stream of idealist thought acclimatised to the American soil by Josiah Royce and still represented by Hocking and Calkins fails to receive due mention in the account. Walter Lippman's 'Good Life' is held up as resolving the conflict between state control and liberty.

Literature, economic thought in Veblen, history writing, law and architecture are all reviewed as revealing the changing facets of the inner scene. The book is a vigorous, various and stimulating guide to the deeper forces operating on the American mind and will contribute to a deeper understanding of the America that "has come of age".



A DELHI DIARY

BIRDS OF A FEATHER?

THE Prime Minister left for the U.S.S.R. on June 4. A certain number of journalists were encouraged to cover this tour. The others (more fortunate!) were released from duty, it seems, for the duration! The duration, for this particular purpose, is six weeks. There can be few journalists in New Delhi who will resist this magnificent opportunity. On previous occasions things have always happened in New Delhi even though the Prime Minister was away. Thus during his trip to the United States, Sardar Vallabhbhai Patel's vigorous handling of our economic affairs kept most of us keyed to the spot. The Commonwealth Conference absences were too short to matter. Now with Maulana Azad away and the virtual decision not to have a Cabinet meeting during the Prime Minister's absence, a period of hibernation or its opposite—considering the temperature has risen to 114°—has been decreed by Law as well as by Nature. Journalists, large and small, have therefore shaken the dust of the once Imperial city off their feet. Not a few of them are in the beautiful valley of Kashmir. Being one of the birds of this feather, I have joined the flock in the happy valley. I give warning, therefore, that for three weeks this diary will be all about Kashmir!

THE ROAD TO HAPPINESS

The road to Srinagar and beyond is one of the most interesting of all roads; on it (after Jammu!) it is a joy to travel, though I cannot say, even of this fascinating road that it is better to travel hopefully than to arrive. The opening out of the road towards Jammu from Srinagar is a magnificent engineering feat which eclipses all the famous ghat roads which lead to India's magnificent hill stations. The reason for this excellence is two-fold. Firstly, there are two separate lines of hills one has to cross. One rises to a height of 6,000 feet, then descends in the beautiful gorge of the Chenab to 2,000 ft.; one then rises again to the village of Bannihal to 5,500 ft. Here the great ascent can be seen like six deep scars across the hill. On one hill, going back and forth, one rises to the tunnel at 9,000 feet. The present tunnel is only about 60 yards long and it dates back to 1920; it is not to be confused with the new tunnel under construction at a much lower level which may cost Rs. 7 crores before it is finished. This seems a large sum for a new road when the old road is usable; it is the time factor which makes the difference. The present Bannihal Pass is out of commission for five months in the year. After the new tunnel is constructed the Valley will be open throughout the year.

RIGHT ABOUT TURN

This point is of tremendous economic significance. Six years ago when the Kashmir war was on, the significance was military. Then supplies had to be flown in; the battle for the Srinagar airfield was nearly lost because it was so difficult to move supplies in time and winter must have been a nightmare for the Indian army. Looking back on what was there done, one cannot help taking off one's (symbolic) hat to the Indian army and air force. Unless one sees the Bannihal road one does not appreciate what they did. I must admit that I never understood this supply problem before. One really has to see to believe.

The military aspect, however, has now given way to another and, in my view, far more important aspect which is strictly economic. It was said to me a hundred times at least in 1947 and 1948 that the Valley of Kashmir was obviously economically bound to Pakistan, since it was not accessible from India. The road from Rawalpindi was not grand, but it did open the valley's trade Pakistanwards. All that is now absolutely changed. The Valley's outlet is India and India only; it runs in volume to many times the figure it ran in undivided India. The superstition that Nature in this case, decreed accession to Pakistan, has now been completely dispelled. In so far as pure economic communications are concerned, it is certain the situation is quite the other way round. Economic communications now overwhelmingly decree association with India. I suppose this does not debar accession to Pakistan, on the same ground that patterns of communications can be made to change. But I foresee tremendous difficulties for the people of Kashmir if the change were to be made again.

As this is strictly a non-political assessment, I hesitate to give any view on how the people of Kashmir will balance their politics with their economics. I know how I would decide were my permanent residence here. The situation is now so obvious that I cannot see what can be gained by even the strange proposal of an Independent Kashmir. Anyone who reads the story of Chinese influence in the Valley and remembers that Kashmir was, for the most part, once a portion of the Mongolian Empire, will see at once the danger both to Kashmir and to India and Pakistan in leaving a petty principality at the mercy of a powerful neighbour to the North. Without occupation the Chinese could exercise over an independent Kashmir's diplomatic policy a dominant strategic role. One does not realise, until one sees the configuration of the country, that the Bannihal Pass—like the Khyber in undivided India—is an overwhelming strategic point in India's defence.

PUBLIC SECTOR, PLEASE

I must return, somewhat reluctantly, to the road from Delhi to Kashmir. I do not know what can be done to make travel easier on the road itself. But I do know what can be done to make an overnight rest on the road tolerable. The hotels at Ambala, Ludhiana, Jullundur and Pathankot are a disgrace to a tremendously growing highway. The truth is private enterprise cannot afford to run a suitable hotel when there are so few travellers. This is the job for the taxpayer and the public sector; will it please set up some really good circuit houses with green lawns so that one can have a comfortable night's sleep on the way? In some of the military cantonments there are cool places, well organised by the Army. Dare I suggest that the Army should enter the Hotel Business on this Road with a large subsidy from Mr. Tyagi, Minister for Defence Reorganisation. I speak with respect; will Mr. Tyagi recognise that part of his job is to spend money and not merely to save everywhere?

ARGUS.

Special Articles

GOVERNMENT PAYMENTS, BANK DEPOSITS AND ADVANCES

A STUDY of the movement of bank deposits and advances in the last fifteen years suggests some interesting conclusions on the manner in which government payments might have affected the relation between bank deposits and advances. The table on page 935 will indicate that whereas in 1939 advances were as high as 56.5 per cent of deposits, in the year 1942 the figure reached an all-time low of 21.2. An explanation for a drop of this magnitude is to be found largely in an unsuspected factor, namely, the character of government payments during the war.

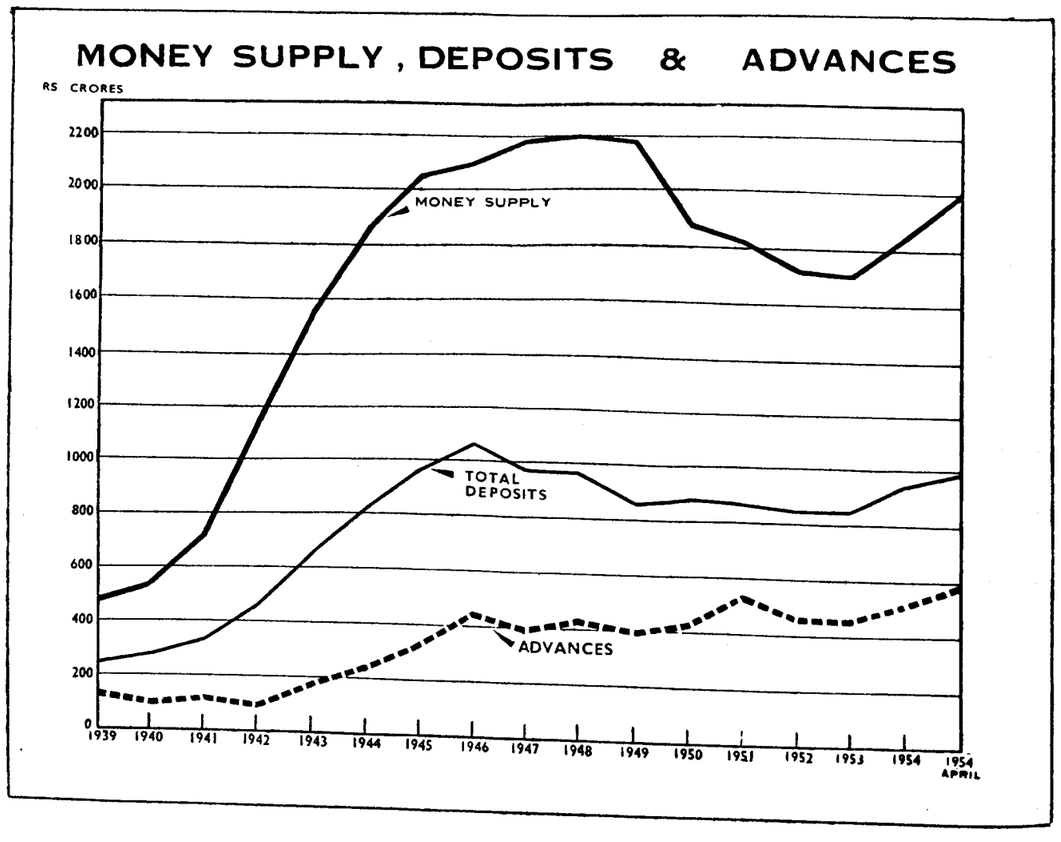
This important point, that government payments may have been the deciding factor in the relation between deposits and advances, has an application to finance in the second Five-Year Plan which has not been fully appreciated. During World War II the Government of India in many cases acting on its own or as an agent of H.M.G., paid 90 per cent of the value of an order at the time it was placed. The effect of this policy was greatly to increase deposits as soon as these amounts were banked, and to reduce advances since it greatly reduced the necessity for business houses to obtain advances from banks. It may be assumed that the combined effect of these two operations was to alter the ratio from 56.5 per cent in 1939 to 21.2 per cent in 1942 meaning there was no other major factor in operation. This has not always been the case but promptitude in government payments is certainly a dominant factor at all times.

It is notable that the moment this policy ceased in 1945 the ratio of advances to deposits quickly rose. In 1951 the figure was as high as 61.3 and at the present time (April 1955) it was as much as 64.1 Between 1945 and 1955 it might be said that the alteration of payments policy and practice has taken us back to the pre-war ratio and even beyond it, implying that payments may now be ever slower in impinging on deposits than before the war.

It is clear that when advances are such a high percentage of deposits, the banks cannot have the same capacity to manoeuvre as they have when the ratio is low. The whole monetary system is, in a sense, geared to this ratio between advances and deposits. It is a serious limitation on the financial system when the ratio is very high.

During the second Five-Year Plan it is obvious that if the Government of India is placing orders of war magnitude upon the private sector, it will have to reckon with the situation which has now developed in which financial stringency expresses itself violently in every busy season. It is fortunate that a precise remedy for this situation exists. It is the practice in World War II by which buoyancy was brought into the banking system by an imaginative forward payments policy.

This, of course, is not the total picture. It is interesting also to look at the manner in which deposits and advances have operated in relation to money supply. The parallelism between money supply and deposits cannot be considered close. It would appear that the non-banking factors in the Indian economy are still relatively larger in operation than the banking factors. This might conceivably be corrected if government payments in the second Five-Year Plan were almost exclusively by cheque. There are possibilities here of studies in the Reserve Bank which have not been fully exploited.



(Crores of rupees)

	Advances (including bills purchased and discounted) by Scheduled Banks in India.	Total (demand and time) deposits of Scheduled Banks in India.	Advances/Deposits multiplied by 100	Money supply in India.
1939	134	237	56.5	484
1940	99	264	37.5	531
1941	119	325	36.6	726
1942	95	449	21.2	1,141
1943	165	652	25.3	1,550
1944	235	815	28.8	1,845
1945	318	960	33.1	2,087
1946	454	1,064	42.7	2,105
1947	394	967	40.7	2,213
1948	431	962	44.8	2,214
1949	406	857	47.4	2,197
1950	429	878	48.9	1,879
1951	532*	868	61.3	1,822
1952	461	851	54.2	1,723
1953	455	855	53.2	1,715
1954	507	938	54.1	1,844
1955 (April)	624	974	64.1	1,999

All the figures are averages of Fridays for the month of December with the exception of money supply figures from the year 1939 to 1949 which relate to the month of March of the next year (thus money supply figure for 1939 relates to the estimate of March, 1940 and so on).

*From 1951 onwards it excludes money 'at call and at short notice'.

Figures relate to the Indian Union from 1950 onwards in the case of money supply.

From 1939 to 1949 money supply estimates are those of 'The Eastern Economist'.

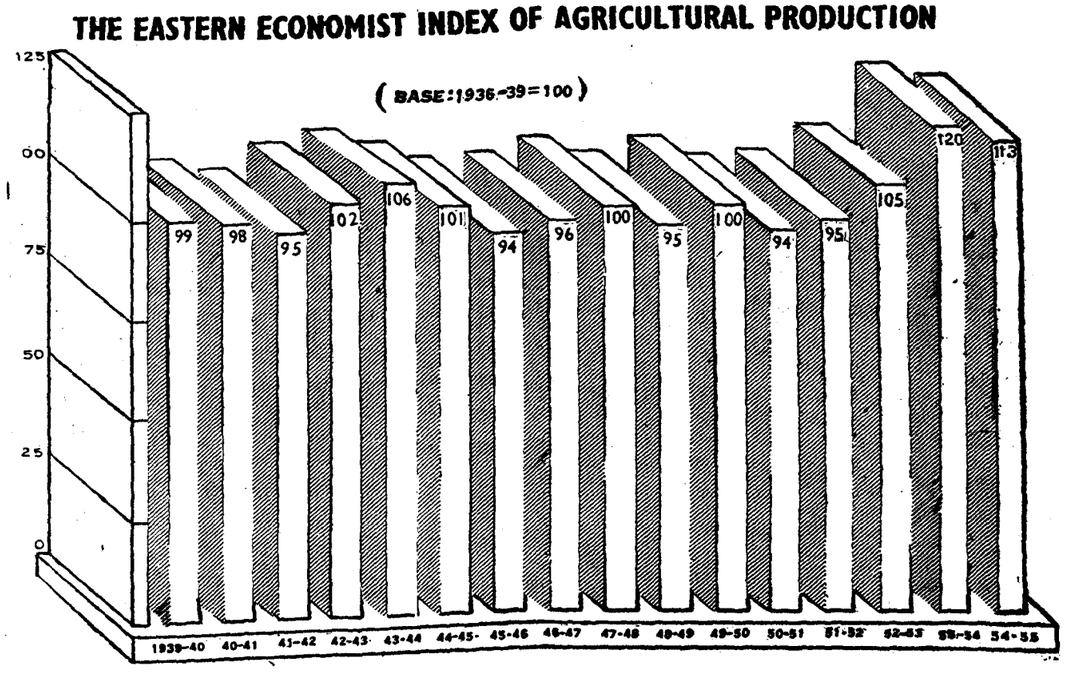
INDIAN AGRICULTURAL PRODUCTION

THE latest estimates of agricultural crops given by the Minister for Agriculture this week, make 1954-55 the second best year since 1939-40. The all-time peak attained in 1953-54 remains unbeaten.

"The Eastern Economist" Index of Agricultural Production (base: 1936-37 to 1938-39=100) for 1954-55 worked out at 113 (provisional) as against 120 (revised) for the year 1953-54. Except for 'food grains' which showed a drop of 11 points, all the other groups recorded improvements over 1953-54. The index for 'fibres' at 109 increased by 4 points, 'oilseeds' at 116 by 5 points, and 'miscellaneous' at 139 scored by 9 points.

The fall in 'food grains' index of 11 points was mainly attributable to a drop in the production of rice, the index for which fell by 13 points. The estimated output of rice in the Indian Union at 24.2 million tons in 1954-55 was lower by 2.9 million tons from the peak of 27.1 million tons in 1953-54. In a press conference on Monday Dr. Punjabrao Deshmukh explained that this drop was due to a reduction in the acreage under rice caused by floods and draughts in some parts of the country. The area under rice declined to 74.4 million acres from 77.0 million acres in 1953-54. The decline in production might probably have been steeper had the Ministry of Food and Agriculture not set a bold target of 21 lakh acres to be cultivated by the Japanese method; even though only 12 lakh acres were actually cultivated in this manner, the production is estimated to have been pushed up by 900,000 tons. The full effects of the shortage in fertiliser supply before October, 1954, have not been estimated but it is probable that it was substantial.

The index for wheat, however, has attained an all-time high at 108. In physical terms, production at



7.9 million tons exceeded production in the preceding year by 0.2 million ton (and not by 0.9 million ton as stated by Dr. Punjabrao Deshmukh at his press conference). The index for millets also showed a drop of 20 points while that for gram continued at the preceding year's level.

The most significant increase has been recorded in respect of sugarcane whose yield at 56 million tons was nearly 10 million tons (18 per cent) more than that of 1953-54. There was no appreciable change in acreage under sugarcane but an increase in the use of the fertilizers brought about a sizable increase in productivity. It is estimated that yield per acre increased by approximately 20 per cent.

The other crops to show appreciable gains over 1953-54 are coffee (7 per cent), tea (5 per cent), sesamum (7 per cent), groundnuts (7 per cent) and cotton (4 per cent).

During the last three months wheat and jowar prices have been a source of great concern. Jowar prices have touched the pre-war level while wheat has been selling below Rs. 10 per maund in many centres. The Centre and the State Governments have, however, succeeded in arresting the downward trend by a policy of price support. Rice prices have also dropped, but the fall has not been so significant as to cause concern. The drop in output this year cannot now fail to arrest this decline. The fall in agricultural production in 1954-55 does not alter the factors promoting expansion of the agricultural economy even though it underlines the importance of the seasonal factors. No change in the policy regarding food imports has been necessary: particularly in respect of wheat, for which there are some obligations under the International Wheat Agreement, the position this year is even better.



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	* 1953-54	p 1954-55
Food Grains ..	**99**	**93**	**103**	**107**	**104**	**95**	**96**	**102**	**96**	**99**	**91**	**91**	**104**	**122**	**111**
Rice ..	98	92	99	109	102	96	104	102	98	101	88	90	98	118	105
Wheat ..	104	91	99	90	97	84	67	77	77	86	87	82	101	106	108
Millets ..	99	99	112	111	114	99	99	108	89	99	93	96	111	136	116
Gram ..	94	86	111	122	103	100	115	143	145	117	115	105	133	146	146
Fibres ..	**90**	**105**	**78**	**87**	**55**	**56**	**53**	**58**	**53**	**78**	**85**	**100**	**98**	**105**	**109**
Cotton ..	89	109	76	89	54	52	51	54	46	65	72	77	77	97	101
Jute ..	99	82	87	77	62	78	66	83	99	154	164	235	229	156	158
Oilseeds ..	**106**	**94**	**98**	**104**	**107**	**97**	**100**	**104**	**95**	**106**	**103**	**104**	**100**	**111**	**116**
Sesamum ..	96	95	106	102	88	88	81	88	84	108	113	110	113	132	141
Groundnut ..	101	82	91	125	122	110	114	109	92	107	109	97	92	114	122
Rape & Mustard ..	117	113	102	93	111	96	107	109	99	107	101	122	112	112	113
Linseed ..	106	81	92	86	89	83	77	101	99	97	85	73	83	83	82
Miscellaneous ..	**102**	**112**	**117**	**116**	**112**	**124**	**112**	**121**	**121**	**126**	**127**	**126**	**127**	**130**	**139**
Sugarcane ..	90	83	100	114	106	102	110	131	109	111	126	136	113	104	126
Tobacco ..	100	103	86	75	93	97	79	69	75	78	76	61	71	75	78
Tea ..	105	119	113	135	121	136	147	152	156	158	158	164	162	164	173
Coffee ..	97	112	102	108	108	159	96	99	139	128	116	130	142	172	184
General Index	**99**	**95**	**102**	**106**	**101**	**94**	**96**	**100**	**95**	**100**	**94**	**95**	**105**	**120**	**113**

(*) Revised. p-Provisional.

The Business World

THE GLOOMY OUTLOOK

BY

CROESUS

I AM in the habit of asking every business man whom I meet one common question, just for a start as it were, namely "how are things?" With perhaps one or two notable exceptions, the invariable reply I have been getting these days from almost all is that the future outlook for the private sector is none too bright, if not distinctly gloomy. It is, I somehow feel, more psychological than anything else. But in the light of the Avadi resolutions and the Berhampur deliberations and the many top-level elucidations of the socialistic pattern of society, coupled with the often-times uncalled for observations of a few official spokesmen, one can well appreciate this frame of mind. The question is, can business men afford to adopt such an attitude and let matters drift or allow them to take their own course? No. Nor are, they sitting quiet either, although this may sound paradoxical. On the one hand, they do say and seem to take a rather gloomy view of things to come, while, on the other, some of these very business men are known to be going ahead with a number of schemes. It indeed came as a revelation to me when the other day a leading business man of India catalogued a list of the schemes he could readily recall, the total outlay on which even added up to about a Rs. 100 crores! He asked me how I could reconcile this with the "outlook gloomy" verdict of some business men.

That did set me a thinking, I confess. If one takes a gloomy view of things, one does not surely go about adding on to one's commitments; on the contrary, one would try and reduce one's commitments as far as possible in such circumstances. But, as against this, we actually find expansion plans in a number of industries—steel, chemical, pulp and rayon, textile machinery, heavy engineering, heavy electricals, paper, heavy chemicals, plastics, etc. to name only a few. There are, of course, explanations. For instance, it can be argued that these schemes are mostly expansions of existing industries. Secondly, these are financed mainly by the industries themselves, the investing public being called upon to take little or only a nominal share. In other words, there is precious little new investment and in wholly new lives. Another is—and this is perhaps very significant—that almost all expansion schemes or new ventures are in those spheres which are not threatened, either immediately or remotely, with acquisition by the State or nationalisation.

Be that as it may, one thing that the proposed ventures indicate is that there is still enough imagination and enterprise left among those who constitute the private sector. There is assuredly a considerable degree of these rare qualities among our top-ranking industrialists, especially of the older generation. As assuredly there is also ample scope for the utilisation of these talents not only in the private sector but in the trade and industrial wings of the public sector itself, provided the authorities care to harness them. Instead of doing this, I fail to understand why a few people in high offices seem to take a devilish delight in saying something or other that has the effect of shaking public confidence and making the otherwise enterprising entrepreneur sit tight on his sound and studiously prepared schemes. And they seem sedulously to do so just at those junctures when the markets begin to take what is described in commercial parlance as a "constructive view" of things and tend to move up. It is hard to say whether this is a deliberate move or it only stems out of a genuine ignorance of the finely delicate nature of the investment market. In either case, it is unfortunate.

This tendency is unfortunate, because the fulfilment of all our development plans presuppose more investment and, as a pre-requisite, therefore, a high saving rate-double of less than the present 15 per cent of the marginal rate of saving. Unless one's income expands more than one's outgo—our taxation experts simply don't let outgo go down or even remain constant, thanks to their fertile imagination which helps them conceive all manner of taxes—one can not save and much less invest, except at the cost of one's consumption. In a country where consumption levels are low in all conscience even as they are, there is a limit beyond which no encroachment on consumption is possible, except at great risk to the health of the nation. Yet it is this naively negative and positively preposterous approach that seems to be gaining more adherents amongst the planning fraternity in this country.

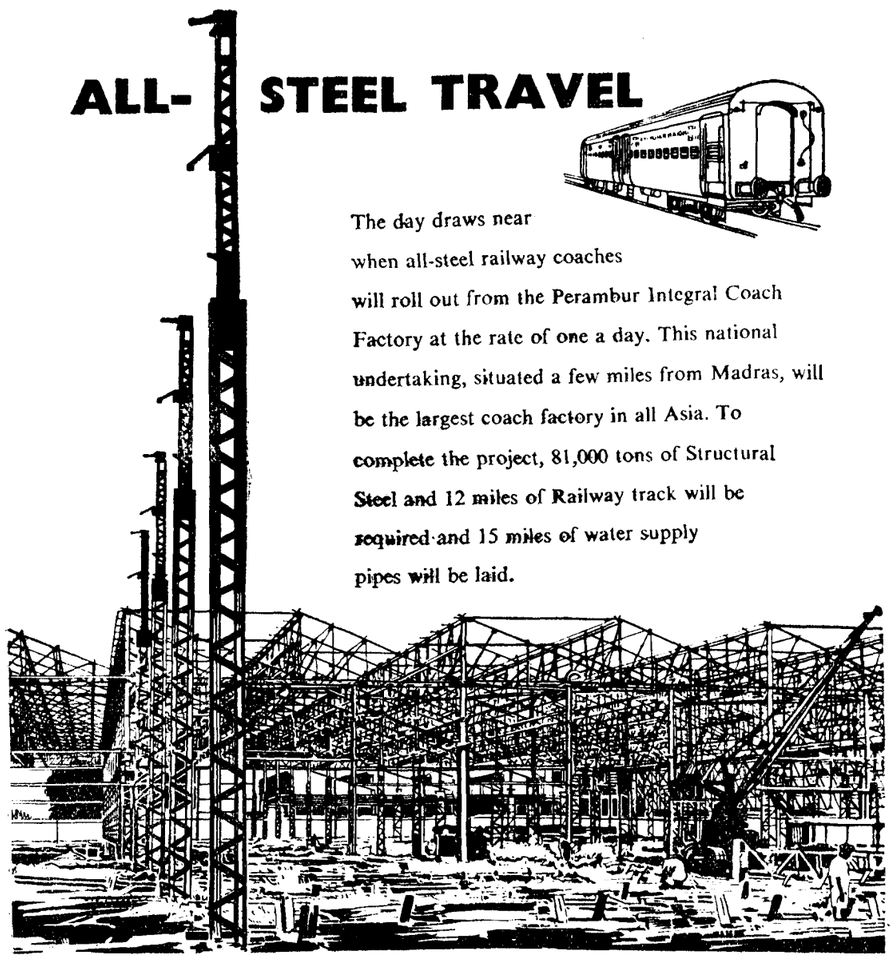
The other unfortunate development is the repeated assertions of some men in power that there is, and will always be, plenty of scope for private enterprise in this country in small-scale and cottage industries. This, coupled with the studied move to place a ceiling on production by the large-scale units of an industry, especially where there is, or is expected to be, counterparts of it in the small-scale or cottages sectors, is naturally taken to mean that, while the existing large-scale undertaking in the private sector will be suffered to continue functioning, they may not be allowed either to expand or—to quote an extremist view—even to renovate. In other words, it is feared, the maximum lease of life for these larger units would be the useful life of their present plant and machinery and other assets.

Yet another fear entertained by a section of private enterprise is that the risk of the public sector growing at the cost of the private sector is steadily rising. The thesis of this section is that the State has a purpose—I refrain from using the epithet usually associated with it, "sinister"—in offering to assist industries in the private sector; by doing this, the State will be enabled to assume more and more powers over these industries. This, it is alleged, is the really big motive behind the syphoning off of savings through more taxes and savings and starving industries in the private sector of funds from the investing public, such as may still manage to survive, on the one hand, and the offering of government financial aid to private enterprise, on the other.

It is easy to dismiss these and similar fears as exaggerated and unfounded, but the fact remains that they do exist and, I, therefore, submit, it behoves the authorities to remove the causes leading to such apprehensions by categorical and clearcut declarations of policy and not allow them to simmer over and eat into the very vitals of the country's entire economy. The enlightened section of a reassured private sector, I maintain, can still be depended upon to account for all its share, and perhaps more, of the development outlay under the second Five-Year Plan, if it has the courage to risk several crores even in the midst of the many uncertainties detailed herein.

ALL-STEEL TRAVEL

The day draws near when all-steel railway coaches will roll out from the Perambur Integral Coach Factory at the rate of one a day. This national undertaking, situated a few miles from Madras, will be the largest coach factory in all Asia. To complete the project, 81,000 tons of Structural Steel and 12 miles of Railway track will be required and 15 miles of water supply pipes will be laid.



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BUSINESS NOTES

DECISION ON BONUS

THE DECISION of the Labour Appellate Tribunal, delivered on June 6 last, in the bonus dispute between the employees and management of the International General Electric Company (India) is of great significance as laying down the position as regards the genuine character of bonus. It is an authoritative exposition of the subject and constitutes a precedent for settlement of bonus disputes in future. A reservation, however, must be entered at this stage that full and correct interpretation of this issue must be sought from a scrutiny of the full text of the decision. The Press summary is too scanty to justify any elaborate discussion. Nevertheless, the broad principle governing the workers' claim to bonus has been indicated with fair clarity.

In this case the quantum of bonus from 1951 was raised by the Industrial Court from an amount equivalent to two months' basic wages, as granted by the company, to an amount equivalent to four months' wages. In reversing this order and restoring the bonus to the original quantum of two months' basic wages, the Labour Appellate Tribunal ruled that the view that profits earned by the Company are enough to pay bonus equal to four months' wages cannot be accepted. It defined bonus as a measure to shorten the gap between the living and the actual wage. In confirming the original award of bonus, the Appellate Tribunal gave full consideration to the fact that conditions of service in the company were much better than in other concerns of a similar category. The important point settled in this case, however, is the character of bonus and on this specific issue the Appellate Tribunal gave a positive ruling that the workers' right to bonus is not based on a right to share the profits of the concern. This important ruling should serve to set at rest many of the complicated issues arising out of the theory that the right to bonus is a right to a share in profits.

CARRY-OVER STOCK FOR SUGAR

IN THE pertubation which has been caused in the sugar world over this year-end prospect of accummulation of sugar stocks, the question of the appropriate quantity of carry-over for the next season has been raised. It is argued that no quick decision should be taken either on reselling the committed quantities of imports or cutting down further imports. A policy of wait and watch should be followed until the picture of the production outlook for the next season becomes clear.

The statistical position in rough estimates is that this season's output will reach the peak level of 16 lakh tons and a surplus of at least 6 lakh tons will be left over for the next season. This estimate does not take account of half a lakh tons of sugar expected to be refined at the refineries nor does it make allowance for the import of refined sugar. On the consumption side, the position remains substantially the same as that of the last season. Consumption of crystal sugar is expected to be 17 lakh tons as against 18 lakh tons during the last season, but there is the counter-balancing factor that output and consumption of khandsari in this season will be 2½ lakh tons which compares with the figure of 1 lakh tons for the last season. The overall consumption of sugar in the current season, therefore, will be slightly on the higher side. Mr. Matadin Khaitan contends that a carry-over stock of 5 lakh tons has proved to be insufficient as insurance against the uncertainties of production and consumption of the succeeding season. His emphasis is that in view of the element of uncertainty in the next season's production as well as consumption, the position should be assessed in September, when a fair assessment will be practicable, and action on import commitments should be put off until then. This chain of reasoning, however, does not takee full cognizance of two factors. The carry-over seems very likely to be more than the safety level and it may not be possible to postpone present commitments on imports either wholly or partly. The course suggested would prove acceptable if it is feasible to postpone the import programme.

STORES PURCHASE

IT WAS a foregone conclusion that the Stores Purchase Committee would endorse the basic principle that indigenous industries should be given the first preference, as a normal rule, in the matter of purchase of stores on government account. Real interest in the Committee's report, however, centres round the specific ways in which this undisputed policy is to be put into execution. Reliable pre-publication version of the major recommendations contained in the report of the Committee indicates that the policy which has been suggested for adoption by the Government of India follows the pattern of policy which is accepted and practised by other leading countries. In this sense it falls in line with the prevailing conventions. There is greater justification for its adoption in India than in the case of advanced countries because of the pressing need to buttress the new emerging industries of this country.

If criteria of quality are satisfied, the Committee is said to have made out a strong case for the grant of price preference for indigeniously manufactured stores. The ceiling for this preference has been suggested at 15 per cent. Since shipping has caught the spotlight in the past few days, it would be of interest to know that the Committee recommends that purchase contracts for government requirements should be fully utilised to give direct assistance to Indian shipping. For this purpose the contracts should contain, it is suggested, a specific stipulation making it obligatory to engage the services of Indian shipping companies, if available, for the transport of the freight. Those who are likely to decry this measure as an act of discrimination ought to remember that the consumer has a right to signify the mode of transport for the carriage of goods he buys. In relation to these suggested price and shipping preferences, it is pertinent to record that the Committee enters into a brief discussion of the policy pursued by certain countries offering aid to insist that the aid funds should be utilised in investment in the purchase of goods produced in the donor countries, irrespective of the competitive or comparable nature, of available goods manufactured in the donee country. The post-war emphasis on preference for home goods in various forms cannot be denied and this country has a reasonable case for adopting it.

NATIONAL RAYON'S FORWARD STEP

THE NATIONAL Rayon Corporation's debentures for Rs. 1.5 crores were oversubscribed to the extent of 100 per cent, necessitating closure of the list on the opening day itself. This single fact speaks eloquently for the sound financial position of the Corporation and the solid confidence reposed by the investor in its future. The expansion programme of this premier rayon enterprise of the country is now well under way. The additional machinery will go into production shortly, raising the production capacity of the rayon plant by 30 per cent. This is the first leg in the journey to development. The next stage envisages doubling the rayon output capacity. The caustic soda chlorine plant will be ready to be put into commission early in 1957, and a major progressive step will have been taken in self-sufficiency in respect of a vital raw material which is procured at present from overseas.

Mr. Kasturbhai Lalbhai's speech at the annual general meeting on June 9, however, strikes a note of warning

that a serious threat to the smooth functioning of this enterprise exists and it is likely to assume large dimensions. This threat is held out not only to this enterprise but to industry in general in the Bombay region. The tragic part of this problem is that those authorities which are responsible for the present trouble are too over-confident, if not complacent, and they do not realise what their attitude of over-confidence might cost to the country. It has become fashionable with the Railway Ministry to parade figures of seasonal traffic performance to argue a case that bottlenecks are a casual phenomenon and sufficiency of wagon supply is the normal situation. National Rayon's sad experience belies this claim. The Corporation is constrained to lose 30 per cent of its regular quota of wagons for sheer inability on the part of the authorities to supply wagons when they are required. If hardship is eliminated afterwards, as it is in this case, by ad hoc allotment of wagons subsequently, it is no answer to the specific charge of failure to prevent recurring bottlenecks. The other source of grave trouble is the present, and more particularly prospective, shortage of power supply in Bombay. The likely gravity of the situation does not appear to have been appreciated by the State Government or else it would not have gone on discussing the respective virtues of the private sector and the public sector as the most appropriate agency for expansion of electricity. Given a reasonable prospect of industrial development, transport and power should precade, not follow, it. As the Chairman has emphasized, the reverse priority will not fail to immobilise plants of a number of industries, involving considerable loss.

A COLLABORATED PLASTIC PROJECT

IN ABOUT two year's time the proposed factory for the production of one of the base raw materials of plastics will go into production in a suburb of Bombay. It is, however, likely that the date of its working may be advanced. This joint Indo-American venture which is to be participated in by the Dow Chemicals Corporation of the U.S., and Kilachand Devachand and Company, with an initial capital investment of $1 million (equivalent to Rs. 47 lakhs), has been assured of all the requisite technical assistance from the American participant. The outlay contemplated is modest, but the significant part of it is that the American partner's share of the capital, which is equal to one-fourth of the total, is to be supplied in the form of technical services.

The raw material in question—polystyrene—is one of the major materials and in view of the present restricted consumption of plastic products in this country this is the material whose production can be undertaken with convenience in this country. The capacity of this plant will be six million pounds of polystyrene which will be 20 per cent in excess of the expanded demand in this country, on present estimate. It is not clear how the estimate has been formed, but the material factor in the higher demand for plastic goods in India is the rapid increase in the consumption of electricity for industrial and domestic requirements. The second, and more important, step in greater self-sufficiency in the production of plastics is the manufacture of monaner. Not until the consumption of polystyarene reaches the level of about 25 million pounds would it be feasible to set up a plant for the production of monaner. A monaner plant with a lower capacity will be uneconomic. Its costs would, however, be reduced by an appreciable amount in view of the possibility of using some of the waste products of the oil refineries in particular. But since the gap between the estimated demand for polystyrene and the minimum consumption of this raw material required for undertaking the production of monaner is very wide (over three times of the present demand) it is plain that monaner will have to be imported for quite some years. Nevertheless, the forthcoming polystyrene plant is a significant advance in indigenous plastic production.

OPERATION AMENITIES

LAST WEEK Mr. Lal Bahadur Shastri attempted to overdraw, in the course of his broadcast talk, the picture of the operation amenities that is on the move on India's over 3,400 miles of railways and of the multitude of facilities that were going to be showered on the hitherto much-harassed passenger. In this series of radio talks by ministers, which is obviously being used to boost the Government's performance on the first Five-Year Plan, it is difficult to understand why the Railway Minister chose to advertise a side-issue, to the exclusion of basic problems of railway transport which are affecting the progress of the economy. The long catalogue of amenities, existing as well as contemplated, ends up with a promise to provide show of documentary films at railway stations to serve the double purpose of the passenger's entertainment as well as enlightenment. What a lucky creature, one would imagine, this passenger on Indian railways! But only a brief visit to a third class waiting room even at an important station like that in the Capital City would suffice to demonstrate the difference between fact and fancy.

In concrete terms, Mr. Shastri has stated that during the first three years of the present Plan 3,500 coaches were put on the track, 342 additional trains were started and the runs of 348 trains were extended. These figures, torn from the context of the rapid increase in the volume of traffic, cannot convey any real meaning. The Minister has stated that serious shortfalls in provision of train services were due to slow development of capacity over large sections. This slow development is attributed, among other reasons, to inadequacy of foreign exchange for import of materials and equipment. This is new light thrown on railway finance. Whatever the version of conditions of railway travel, the challenge posed by overcrowding and hardships remains to be met. On suburban railways it is seen at its worst. There, a simple remedy is prescribed—appointment of a high-level expert commitee for investigation.

THE FORT WILLIAM JUTE COMPANY LIMITED

NOTICE

The Half-yearly Ordinary General Meeting of the Shareholders will be held at the Registered Office of the Company, No. 14, Netaji Subhas Road, Calcutta, on Monday, the 27th June, 1955, at 3-30 P.M. for the following purposes.

(1) To receive and adopt the Directors' Report and the Audited Accounts for the half-year ended 31-3-55.

(2) To declare dividends.

(3) To elect a Director.

(4) To appoint Auditors.

(5) To transact any other ordinary business of the Company.

The Share Transfer Books of the Company will be closed from 14th June to 27th June, 1955, both days inclusive.

By Order of the Board,
PER PRO BANGUR BROTHERS LTD.,

CALCUTTA,
Dated May 31, 1955.

Sd/- B. G. BANGUR.
Managing Agents.

COMPANY AFFAIRS

THE MINERVA

The operations of Minerva Mills Ltd. for the year ended December 31, 1954 show a gross profit of Rs. 6.63 lakhs. But as the company was made liable to pay an aggregate amount of Rs. 8.25 lakhs, being the total quantum of benefits in respect of the period of two years from January 1953 to December 31, 1954 in terms of the Consent Award of the Industrial Tribunal, Bangalore, the credit balance was converted into a debit balance of Rs. 1.63 lakhs. Against this result last year's profit was Rs. 5.69 lakhs. Sales this year have declined by 12 per cent to Rs. 127.76 lakhs and stocks have gone up by Rs. 16.42 lakhs to Rs. 73.73 lakhs.

The company decided to transfer a sum of Rs. 5.46 lakhs from the Reserve fund so as to meet the debit balance. A provision for depreciation to the extent of Rs. 2.37 lakhs was made during the year under report against Rs. 3.5 lakhs last year. There was no provision for taxation while a sum of Rs. 26 thousands was provided during the previous year.

A dividend of 5 per cent has been decided to be paid against 7 per cent last year (including a bonus of 1 per cent per share) and 5 per cent during 1952.

The company has become a member of the Bombay Textile Research Association and paid a sum of Rs. 11,890 as the first instalment of the entrance fee of Rs. 35,670.

A summary table of the working of the company for the last three years is given below for comparison.

Year ended Dec. 31.	1952	1953	1954
Sales	131.47	145.24	127.76
Stocks	79.23	57.36	73.73
Cost of Cotton	92.30	63.46	88.43
Salaries and wages	29.78	32.41	39.64
Gross profit÷ Loss—*	+0.72	+5.69	—1.63
Provision for depreciation	0.78	3.5	2.37
Provision for taxation	0.19	0.26	..
Ordinary dividend (rate per cent per annum)	5	7†	5

* Before providing for taxation and depreciation.
† Including a bonus of Rs. 1 per share of Rs. 100 each.

NATIONAL RAYON

Encouraging results are shown by the National Rayon Corporation Ltd., during the year ended December 31, 1954. A net profit of Rs. 63.20 lakhs has been shown after providing for depreciation, etc., which is 27 per cent higher than last years' Rs. 49.52 lakhs. The sales have increased by 4 per cent from Rs. 285.13 lakhs to Rs. 296.37 lakhs. The productive capacity of rayon has increased by 30 per cent as a result of expansion of the rayon plant in 1954. A further expansion of the plant is already in hand and is expected to be completed by the middle of this year. The installation of the new 30-ton sulphuric acid plant undertaken last year has also been completed and is under production since March this year. The Board of directors of the company have decided to put up a 20-ton daily capacity caustic soda cholorine plant to meet the entire requirement of the company. To meet the financial needs of the second expansion of the rayon plant and the caustic soda plant the Board have decided to issue 5½ per cent taxable Debentures.

A sum of Rs. 45 lakhs has been provided for depreciation against Rs. 40 lakhs last year and Rs. 35 lakhs a year before. A Reserve Fund of Rs. 15 lakhs have been separated out and Rs. 5.72 lakhs have been carried forward against Rs. 5.01 lakhs last year.

The dividend to be paid an Ordinary shares has been increased to 10 per cent against 9 per cent last year.

Year ended December 31,	1952	1953	1954
Sales	211.21	285.13	296.37
Stock	59.61	15.85	10.92
Salaries and wages	17.38	20.14	27.75
Raw materials consumed	N.A.	68.72	79.21
Net Profit*	28.10	49.52	63.20
Provision for depreciation	35.00	40.00	45.00
Provision for Taxation	0.55	0.15	..
Ordinary Dividend (Rate per cent)	..	9	10
Reserve Fund	..	..	15.00
Carried forward	0.39	5.01	5.72

THE RANEEGUNGE COAL

The raisings of the company during the half-year under report declined by about 13 thousand tons to 173 thousand tons as the company has to bring its output in line with the target set under the Conservation Act. There was an increase in despatches by about 12 thousand tons, even then the stocks increased by about Rs. 0.56 lakhs.

The sales of the company declined by Rs. 1.54 lakhs to Rs. 26.26 lakhs. In line with the sales, the net profit (before providing for taxation and depreciation) also declined slightly to Rs. 2.35 lakhs against Rs. 3.05 lakhs during the previous half-year. Provision for taxation and for machinery replacement and development for the half-year under report has remained unchanged as compared to the previous half-year and each stands at Rs. 1 lakh during each period. The dividend recommended by the directors also remains unchanged at 5 per cent per annum.

(Rs. lakhs)

Half-year	March 1954	Sept. 1954
Sales	27.80	26.26
Raisings ('000 tons)	186	173
Despatches ('000 tons)	158	170
Net profit†	3.05	2.35
Provision for taxation	1.00	1.00
Provision for machinery replacement and development	1.00	1.00
Dividend (rate per cent per annum)	5	5

* Before providing for taxation and depreciation.

THE INDIAN OVERSEAS BANK LTD.
MADRAS

ANNOUNCEMENT

A Branch of the Bank has commenced working in Hong Kong as from 9th June, 1955.

at

7|9 Duddell Street

Cable Address "OVERIND"

C. P. DORAIKANNU,
General Manager.

COMMODITY NEWS AND NOTES

BRISTLE EXPORTS TO U.S.

The United States Department of Commerce has ordered an inquiry into imports of bristles from India, according to trade sources in New Delhi. It is said that reports had reached the Commerce Department to the effect that Indian traders were importing bristles from China and re-exporting them to the United States. There is a considerable volume of trade in bristles between India and the U.S. The inquiry is understood to have been necessitated by the fact that the U.S. has practically no trade relations with China.

CROP COMPETITIONS

The all-India crop competitions for the kharif sowings, commencing some time this month, will, as usual, be organised in respect of paddy, jowar and bajra crops. Competitors obtaining the highest yields in respect of these three crops will each be awarded a cash prize of Rs. 5,000 and a certificate of Krishi Pandit.

In order to enlist the maximum number of competitors, the Union Ministry of Food and Agriculture has asked the State Governments to organise a crop competition fortnight during the next two months according to local conditions. They have also been told to arrange wide publicity to the crop competition awards to be given at the various levels, as also to the rules and regulations in force.

FINAL ESTIMATE OF JOWAR

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, the All-India Final Estimate of jowar for 1954-55 puts the current year's area and production at 43,456,000 acres and 9,092,000 tons, as against 43,657,000 acres and 7,913,000 tons in the partially revised estimate for 1953-54. This shows a negligible decrease of 201,000 acres or 0.5 per cent in area and an appreciable increase of 1,179,000 tons or 14.9 per cent in production over 1953-54.

The decrease in acreage during the current year has been shared mainly by Saurashtra, Rajasthan, Mysore, PEPSU, Punjab and Delhi and to a lesser extent by Madhya Pradesh, Madras, Madhya Bharat and Ajmer. The decrease in acreage in these States is generally attributed to inadequate and untimely rainfall received at the time of sowing. This decrease in acreage has, however, been almost offset by the increases reported by Uttar Pradesh, Bombay, Hyderabad, Kutch and Vindhya Pradesh due to favourable weather conditions at the time of sowing.

DELHI MANGO SHOW

Nearly 14 States are expected to take part in the first All-India Mango Show which will be held in New Delhi from July 9 to 11. The show is being sponsored by the Indian Council of Agricultural Research. Growers of mangoes, including archardists, amateur gardeners and Government nurseries in Uttar Pradesh, Bihar, Orissa, West Bengal, Madhya Pradesh, Punjab, Himachal Pradesh, Bhopal, Delhi, PEPSU, Rajasthan, Madhya Bharat and Vindhya Pradesh have been invited to display their mangoes in this show which is intended exclusively for the exhibition of northern varieties of the fruit.

A separate wing of the New Delhi show will be devoted to exhibition of mango products where both commercial manufacturers as well as housewives will be able to display the numerous delicacies and soft drinks like pickles, jams, chutnies, squashes, etc., which can be made from this seasonal fruit.

A similar two-day show for presenting before the public a comprehensive collection of mangoes grown in the southern parts of the country was held in Bombay last month.

EXPORTING RAW WOOL

The Government of India has reviewed the policy for export of raw wool in the light of its supply and price situation in the country and has decided to release a further quantity for export upto the end of September, 1955. The details of the licensing procedure are being notified by the Export Trade Controllers at the ports concerned.

EXPORT OF JOWAR

The Government of India has decided to permit export of jowar outside India within a ceiling against advance registration of sales, subject to a maximum of 500 tons by each exporter from all ports. Detailed licensing procedure is being notified by the Export Trade Control authorities at the ports.



Company Meeting

The National Rayon Corporation Ltd.

Speech of Shri Kasturbhai Lalbhai, Chairman, at the Eighth Annual General Meeting of the Company on 9th June 1955

I have pleasure in welcoming you to this Eighth Annual General Meeting of the Company and present to you for adoption the Directors' Report and the Audited Statement of Accounts for the year ended 31st December, 1954, which with your permission may be taken as read.

RETIREMENT OF SIR PURSHOTAMDAS

2. Sir Purshotamdas Thakurdas, the Chairman of our Company from its inception resigned on 11th April, 1955, and the Board accepted his resignation with deep regret as already reported. I am glad, however, to inform the shareholders, that though he has resigned from the Company, he has assured us that he would be readily available for advice and guidance whenever needed. I take this opportunity to wish him many more years of useful and happy life. I may also inform you that the Directors have decided to place his portrait in the Board Room in appreciation of his contribution to the progress of this Company.

3. I also regret to inform you that Mr. F. W. Mattinson, the Company's Consultant and former Vice-President of Messrs. Skenandoa Rayon Corporation, died in Utica, New York, on the 27th April, 1955. You may be aware that the Company used to invite Mr. Mattinson for routine consultation and expert advice almost every year right from the day we started manufacturing Rayon Yarn at the Plant. This year also he was expected to be here in January but as ill-luck would have it when the invitation reached him he was hospitalised and he was destined not to return. The success that the Company obtained in manufacturing Rayon Yarn of good quality right from the start is mainly due to his efforts. He assisted in training the Company's Technical Personnel in America and imparting to them the "know-how" of manufacturing Rayon Yarn. In him the Company has lost a sincere friend and a competent Technician. I trust you will all join me in paying our tribute to his services.

FINANCIAL PROGRESS AND PLANT EXTENSION

4. Coming to the working results of the year, you may have noticed that the year's working has resulted in a gross profit of Rs. 1,08,69,604. Better results during the year were due to higher production consequent upon the working of additional spinning frames and slightly better prices for its finished products, while the raw materials were obtained at about the same price as last year.

5. You may be aware that till the end of last year a major portion of the Company's output used to be sold by way of bulk sales to the Associations of the Silk and Art Silk Mills. This arrangement could not be continued since last year. The Company has been able, however, to dispose of its entire production for forward deliveries ahead of the actual manufacturing periods and as on date the Company's products have been sold up to the end of the year without experiencing any difficulty.

6. The Government of India continues to follow the policy of permitting imports only to the extent of deficit requirements of the country. I cannot help, however, making a reference to the very unhealthy competition that most of the manufacturers on the Continent have resorted to since last year. While maintaining fairly high prices in their home market, they are offering Rayon Yarn in the export markets in standard qualities like 150 and 120 deniers at 18 to 40 pence per lb. less. This policy is likely to harm the indigenous manufacturers. It is to be hoped that our Government will keep a watchful eye on this development.

7. As already referred to in the Directors' Report the expansion of the Company's Rayon Plant is progressing according to schedule and the new machines purchased are expected to go into production shortly to increase the productive capacity of the Rayon Plant by about 30 per cent. The Company proposes to embark upon further expansion programmes of its Rayon Plant with the object of duplicating its present productive capacity by stages. Towards this end the Company has already obtained licences from the Central Government under the Industries Development and Regulations Act. Orders for the proposed Caustic Soda Chlorine Plant are being placed. This plant is expected to go into production early in 1957. With the establishment of a Caustic Soda Plant, the Company will be manufacturing one more important raw material for which until now we had to depend upon imports from foreign countries.

TRANSPORT AND POWER DIFFICULTIES

8. In this context I cannot but express concern regarding the serious handicap that all Industrial establishments have been experiencing due to shortage of power and inadequate transport facilities. There is still considerable backlog of power demand to be met in Bombay over and above the power required to remove the staggering arrangements in vogue in the Textile Mills. This situation therefore needs radical improvement at the hands of the appropriate Government Departments.

9. The other bottleneck from which Industries are suffering is the unsatisfactory supply of wagons by the Railways for carrying of Coal, important raw materials and finished products. As regards wagons allocated for coal alone, the Company has been losing about 30 per cent of its quota in view of the inability of the Railways to supply the necessary wagons. Though in this matter the Commissioners of Coal, both of the State and at the Centre have been helping us out by granting special ad hoc quotas and allowing us to build up reasonable stocks, we cannot help expressing our concern at the transport situation as it is developing in this country. I am afraid unless some drastic steps are taken to improve the transport problem, the country will come to a standstill as far as industrial expansion programme is concerned.

10. Guaranteed and adequate supply of power and transport arrangements are essential pre-requisites before anyone can think of industrial expansions. I am afraid failing provision of these facilities quite ahead of industrialisation, the country will witness phenomenon where on industrial plant would be lying idle for want of either power or transport facilities.

11. The proposed increase in freight rates announced by the principal shipping companies is also a matter of concern. It is a known fact that at present the Company depends largely on the imported raw materials for operating its plant. Additional freight that the Company would be called upon to pay if the threatened increase of 35 per cent is imposed, would be considerably adding to the manufacturing cost. What is a matter of concern is that the threatened increase is stated to be due to the difficulties experienced by steamer companies in getting timely turnover of their steamers at the principal docks where sometimes delays of discharging or loading of cargoes are very great. This State of affairs is really very regrettable. It is, however, gratifying that following this threat the Port Trust authorities have endeavoured to clear the docks and the Government has also intervened and are endeavouring their utmost to persuade the steamer companies to refrain from imposing any such surcharge which if done is bound to disrupt the import and export trade of this country.

FINANCE FOR DEVELOPMENT

12. Your Board of Directors, after very careful consideration, have come to the conclusion that both in the interest of the shoreholders as also the Company, it is desirable to maintain dividend at one rate and alter it only when a higher rate is justified and the Company's profits permit. As you are aware, the Company has a large programme to fulfil and naturally it is desirable to finance a part of the programme from the profits of the Company rather than from the borrowings. Besides, the Company will be called upon to pay large amount of taxes in the years to come. Taking all these factors into consideration, we have decided to recommend Rs. 10 as dividend on Ordinary Shares and maintain it for a few years to come. I hope this policy of the Board will meet with your approval.

13. It is gratifying that the Government has accepted the recommendations of the Taxation Enquiry Commission in the matter of giving development rebate to new industries which I am sure will help to accelerate industrial expansion. The recent announcement exempting Rayon Grade Wood Pulp from payment of import duty will help expansion of Rayon Manufacturing and Staple Fibre Industries. With reference to the relief to be given to the shareholders in respect of their investment in new industries, I suppose Government will take steps in the next year's Budget. The relief given under the present Section 15C(4) has remained a dead letter for reasons already explained in the Chairman's Speech last year. I trust the Government will accept the recommendation of the Taxation Commission in this behalf and effect the necessary amendment so as to make the concession really effective.

14. I have already referred in the Directors' Report to the Company's decision to issue 5½ per cent Debentures for a total sum of Rs. 1,50,00,000 with a view to meeting a part of the expenses of the proposed expansion of the Rayon Plant and the establishment of the Caustic Soda Chlorine Plant. I am glad to inform you that the issue which was offered to the public was over subscribed by about 100 per cent necessitating closing of the subscription list on the opening day. I take this opportunity to thank the investing public for the confidence shown by them in this Company.

HAPPY LABOUR RELATIONS

15. It is gratifying to report that the relations between the Management and Labour have remained cordial and it has been possible for the Company to settle all the matters in dispute amicably by way of bipartite negotiations with representative Union of Workers resulting in a series of agreements. Even matters pending before the Labour Appellate Tribunal for the last two years have been settled amicably. The Union in return has promised to maintain industrial peace for a minimum period of these years.

16. We have already reported to you that the new Sulphuric Acid Plant was engineered entirely by our own Technical staff and barring such standard equipments as motors, control equipments, pipes and fittings, etc., a major portion of the remaining part was fabricated locally. We are now in the process of expanding our Rayon Plant and increasing the capacities of the Carbon-bi-sulphide Plant, Water Works, etc., and we are also in the process of putting up a new Caustic Soda Chlorine Plant. I am glad to inform you that the engineering of all these plants will be done by our own Technical staff at the Factory and it is our ambition that gradually we should be able to fabricate almost the complete Rayon Yarn Plant excepting for standard equipments which may be either procured locally or imported from abroad.

17. I am sure I am voicing the feelings of every one of you when I say that the results obtained for the working of this year as also the progress made by the Company uptil now have been largely due to the loyalty of the Workers and the ability of our Technical and Administrative Staff.

"A man may, if he knows not how to save as he gets, keep his nose to the grindstone."
Benjamin Franklin

Open a Savings Bank account with us and watch your Deposits grow.

THE UNITED COMMERCIAL BANK LTD.
Head Office : 2, Royal Exchange Place, Calcutta
Paid-Up Capital ... Rs. 2 Crores
Reserve Fund ... Rs. 86½ Lacs
G. D. BIRLA, Chairman
S. T. SADASIVAN, General Manager
ASP UC. 2/55

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index)† Year Ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398·6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
July 1954 ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ,, c ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428 8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348 8*	377.0	605.4	376.1	90 4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.4
April ,, c ..	283.6	397.4	327.8	375.5	541.2	344.8	90.5	100.6	87.5	115.4
Week Ending										
23-4-1955 ..	279.7	395.9*	327.0	377.0	538.6	343.4*	90.5	100.6	87.6	115.1
30-4-1955 ..	274.9	393.1	328.5	376.0*	537.9	341.0	90.6	100.6	87.8	114.7
7-5-1955 ..	272.4	395.9	328.2	376.9	540.0	340.7	90.6	100.6	88.0	113.8
14-5-1955 ..	276.5	397.1*	328.3	377.5	542.9	342.8*	90.7	100.7	87.8	113.0
21-4-1955 ..	279.2	399.6	330.6	376.8	547.0	344.5	90.7	100 7	87.6	112.4

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 Delhi†	Bengal Calcutta	U. P. Kanpur	Central Provinces Nagpur	Central Provinces Jubbulpur†	Madras Madras June 1936= 100	E. P. Ludhiana†	Bihar Jamshedpur†	All India†
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	370	126	333	141	136	134
February	329	345	207	128	310	384	—	—	326	—	135	—
March	328	340	205	127	310	377	—	—	321	—	—	—
April	328	340	200	—	311	352	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 4-6-1955 High	Low	Average	28-5-1955 High	Low	Average	21-5-1955 High	Low	Average	14-5-1955 High	Low	Average
Gold (per fine tola) ..	94-1	92-4	93- 0	95- 3	92- 7	93-11	93- 8	88- 9	92-1	93-15	88-15	92- 1
Silver (per 100 fine tolas)	162-0	160-4	161- 3	165- 9	160- 2	163- 6	164- 3	161- 1	162-8	167- 2	161- 3	164- 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	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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
October 1954	1,161,85	23,37	1,185,22	40,02	621,15	661,17	55.78	106,30	420,35	1,185,22
November ,,	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
April ,,	1,313,32	18,91	1,331,74	40,02	652,98	692,99	52.03	104,99	533,75	1,331,74
Week Ending										
15-4-1955	1,325,33	15,74	1,341,07	40,02	661,98	702,00	52.35	105,33	533,75	1,341,07
22-4-1955	1 316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105,84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533,71	1,339,80
13-5-1955	1,331,09	8,52	1,331,09	40,02	661,98	702,00	52.40	103,90	533,71	1,331,09
20-5-1955	1,322,41	17,46	1,339,87	40,02	661,98	702,00	52.39	104,16	533,71	1,339,87
27-5-1955	1,316,09	24,03	1,340,12	40,02	661,98	702,00	52.38	104,42	533,71	1,340,12

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67.00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
October 1954	102,45	28,36	65,38	34,25	230,41	16,89	257,31	23,63	4,29	107,08	67	17,94	96,81	6,97
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
April ,,	56,47	36,38	47,74	22,05	162,55	32,79	205,34	18,59	11,96	69,30	51	36,73	45,26	22,92
Week Ending														
15-4-1955	55,39	24,32	50,49	21,40	151,60	32,96	194,55	15,93	12,55	63,35†	31	33,94	46,12	22,36
22-4-1955	53,11	30,42	48,31	22,70	154,54	33,46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50,09	23.21	47,24	22,08	142,63	34,01	186,64	10,64	12,02	53,76†	80	40,49	41,48	20,44
13-5-1955	51,93	19,24	47,97	22,34	141,28	36,85	188,32	8,57	11,70	52,07†	80	44,52	41,47	29,97
20-5-1955	55,23	14.99	50,87	22,11	143,20	40,68	193,88	17,60	10,89	5358†	80	40,47	41,28	29,26
27-5-1955	54,64	14,17	49,46	21,78	140,04	41,44	191,48	24,19	11,23	48,46†	80	35,78	41,79	29,24

Note: Figures in braekets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. †Includes cash and short term securities.

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39* ..	123,81	103,30	227,11	6,38	15,88	9.80	111,34	460	51.05	..
1947-48* ..	706,65	343,89	1,050,54	39,92	100,81	13.40	427,54	16,82	42.30	..
1948-49 ..	674,56	303,88	978,44	37,51	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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Average of Fridays										
Novembeer 1954 ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
Decembr ,, ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,33
February ,, ..	585,47	370,53	956,00	32,16	49,63	8.58	494,74	84,46†	60.58	354,09
March ,, ..	578,19	375,11	953,30	32,95	46,16	8.27	509,93	102,47†	64.21	346,25
April ,, ..	587,73	380,42	968,19	34,43	46,61	8.37	507,25	119,49†	64.74	343,27
Week Ending										
15-4-1955 ..	591,90	380,98	972,88	35,96	47,99	8.63	503,00	119,62†	64.00	342,56
22-4-1955 ..	591,06	382,14	973,20	34,55	46,13	8.29	503,97	119,57†	64.07	342,69
29-4-1955 ..	590,39	383,70	974,09	34,13	46,61	8.29	503,43	120,47†	64.05	344,40
6-5-1955 ..	580,95	383,80	964,75	34,12	46,21	8.33	505,97	120,52†	64.94	344,73
13-5-1955 ..	581,37	385,89	967,26	34,83	45,97	8.35	507,51	118,74†	64.74	344,28

MONEY SUPPLY

Lakhs of rupees.

Last friday	Money supply	Total currency with the public	Deposit money with the public			Total variations in money supply
			Total	Demand liabilities of banks	Total deposits with Reserve Bank (excluding those of central Govt. & Banks)	
1	(2)=(3)+(4)	(3)	(4)	(5)	(6)	(7)
1952-53 ..	1,749,95	1,164,64	585,31	548,95	36,36	−42,89
1953-54 ..	1,846,35	1,219,22	627,13	549,83	77,30	+96,40
1954-55 ..	1,974,84	1,305,69	669,15	599,18	69,97	+128,49
March 1954 ..	1,846,35	1,219,22	627,13	549,83	77,30	+57,47
April ,, ..	1,844,92	1,242,54	602,38	558,05	44,33	−1,43
May ,, ..	1,830,54	1,229,31	601,23	563,56	37,67	−14,38
June ,, ..	1,798,01	1,199,85	598,16	564,99	33,17	−32,53
July ,, ..	1,769,96	1,167,95	602,01	568,64	33,37	−28,05
August ,, ..	1,764,85	1,159,94	504,91	577,98	26,93	−5,11
September ,, ..	1,767,40	1,166,93	600.47	576,01	24,46	+2,55
October ,, ..	1,791,02	1,179,19	611,83	579,08	32,75	+23,62
November ,, ..	1,801,96	1,182,56	619,40	591,39	28,01	+10,94
December ,, ..	1,843 23	1,218,99	624,28	597,20	27,08	+41,32
January 1955 ..	1,872,47	1,240,65	631,82	601,04	30,78	+29,19
February ,, ..	1,910,54	1,267,56	642,98	610,02	32,96	+38,07
March ,, ..	1,974,84	1,305,69	669,15	599,18	69,97	+64,30
April ,, ..	1,999,28	1,339,67	659,61	613,64	45,98	+24,44

OWNERSHIP OF DEPOSITS OF BANKS IN INDIA—1954

	Scheduled Banks				Non-Scheduled Banks†			
No. of Banking Companies	86		85		154		150	
	December 31, 1953		December 31, 1954		December 31, 1953		December 31, 1954	
	Amount	Percentage*	Amount	Percentage*	Amount	Percentage*	Amount	Percentage*
By Types of Deposits								
I. Demand deposits of								
Manufacturing concerns	44,50	10.7	48,82	10.5	48	4.0	97	6.6
Trading concerns	104,62	25.1	108,98	23.5	2,00	16.8	1,84	12.5
Public utility (e.g. transport and communications, gas, electricity, etc.) concerns	9,48	2.3	7,16	1.5	8	0.7	9	0.6
Mining concerns	3,54	0.9	2,71	0.6	3	0.3	5	0.3
Plantation concerns	7,25	1.7	12,60	2.7	54	4.5	35	2.4
Financial concerns	49,24	11.8	55,58	12.0	92	7.7	99	6.7
(a) Banks	27,88	6.7	32,69	7.0	54	4.5	63	4.3
(b) Insurance companies	10,43	2.5	12,02	2.6	12	1.0	8	0.5
(c) Co-operative Banks and Societies	5,89	1.4	5,93	1.3	11	0.9	19	1.3
(d) Others	5,05	1.2	4,94	1.1	15	1.3	9	0.6
Personal	112,96	27.1	114,67	24.7	2,56	21.5	2,84	19.2
Govt. and quasi-govt. bodies	30,10	7.2	48,94	10.5	3,52	29.6	5,05	34.2
Others	46,49	11.1	55,42	11.9	1,13	9.6	1,87	12.7
Unclassified**	9,39	2.3	9,75	2.1	63	5.3	75	5.1
TOTAL OF I	417,57	100.0	464,63	100.0	11,88	100.0	14,78	100.0
II Savings deposits of								
Business	1,90	1.4	2,08	1.4	42	4.3	44	4.2
Personal	133,31	96.0	140,40	95.9	8,80	90.3	9,51	90.1
Others	3,61	2.6	3,98	2.7	53	5.4	60	5.7
TOTAL OF II	138,82	100.0	146,46	100.0	9,75	100.0	10,56	100.0
III Time deposits of								
Trading concerns	47,58	17.8	55,04	18.4	3,62	11.7	2,99	9.4
Financial concerns	9,24	3.5	15,73	5.3	92	3.0	73	2.3
Other business deposits	10,09	3.8	12,18	4.1	39	1.3	53	1.7
Personal	141,07	52.9	153,97	51.5	19,99	64.5	21,76	68.5
Govt. and quasi-govt. bodies	34,57	13.0	35,71	12.0	3,55	11.5	3,35	10.5
Others	22,70	8.5	24,69	8.3	1,66	5.4	1,50	4.7
Unclassified**	1,43	0.5	1,53	0.5	87	2.8	92	2.9
TOTAL OF III	266,68	100.0	298,85	100.0	30,99	100.0	31,77	100.0
GRAND TOTAL	823,07		909,93		52,62		57,11	
By Types of Depositors								
I. Business deposits								
Manufacturing concerns	44,50	5.4	48,82	5.4	48	0.9	97	1.7
Trading concerns	152,20	18.5	164,02	18.0	5,62	10.7	4,83	8.5
Public utility (e.g. transport and communications, gas, electricity etc.) concerns	9,48	1.2	7,16	0.8	8	0.2	9	0.2
Mining concerns	3,54	0.4	2,71	0.3	3	0.1	5	0.1
Plantation concerns	7,25	0.9	12,60	1.4	54	1.0	35	0.6
Financial concerns	58,48	7.1	71,31	7.8	1,84	3.5	1,72	3.0
Others	10,09	1.2	12,18	1.3	39	0.7	53	0.9
TOTAL BUSINESS DEPOSITS††	287,45	34.9	320,87	35.3	9,39	17.8	8,96	15.7
II. Personal deposits	387,34	47.1	409,04	45.0	31,35	59.6	34,11	59.7
III Govt. and quasi-govt. bodies	64,67	7.9	84,65	9.3	7,07	13.4	8,40	14.7
IV Others	72,80	8.8	84,09	9.2	3,32	6.3	3,97	7.0
V Unclassified deposits (Below Rs. 500)	10,82	1.3	11,28	1.2	1,50	2.9	1,67	2.9
GRAND TOTAL	823,07	100.0	909,93	100.0	52,62	100.0	57,11	100.0

† Each having total deposits of Rs. 5 lakhs and over.
* Percentage is to the group total in each case.
** Accounts of less than Rs. 500.
†† Includes savings deposits for which breakdowns are not available.

INDIA'S BALANCE OF TRADE WITH EUROPEAN COUNTRIES

(Value in lakhs of rupees)

		1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
U.K.:									
Imports	..	1,24,93.8	1,53,09.9	1,53,99.7	1,31,40.4	1,58,13.1	1,40,99.2	1,44,97.9	1,46,88.5
Exports	..	1,06,10.0	1,03,30.7	1,18,14.1	1,35,15.6	1,87,81.8	1,22,43.6	1,50,07.7	1,34,74.5
Re-exports	..	..	..	..	4,66.3	1,84.2	85.6	1,27.7	1,33.6
Balance	..	—18,83.8	—49,79.2	—35,85.6	+8,41.5	+31,52.9	—17,70.0	+6,37.5	+39,19.6
France:									
Imports	..	3,65.5	3,00.9	3,80.5	@11,06.9	@10,72.1	14,00.8	9,93.9	13,95.4
Exports	..	10,61.8	7,35.0	5,42.8	6,45.4	10,45.5	5,62.6	5,32.7	5,18.2
Re-exports	..	..	..	..	2,55.6	92.3	5.7	3.4	3.2
Balance	..	+6,96.3	+4,34.1	+1,62.3	—2,95.9	+65.7	—8,32.5	—4,57.8	—8,74.0
Belgium:									
Imports	..	5,39.6	7,10.8	7,62.9	9,04.4	9,52.1	6,90.1	9,42.7	9,32.4
Exports	..	10,66.8	5,88.6	9,23.0	7,80.6	7,69.7	6,62.8	4,40.6	6,12.2
Re-exports	..	..	..	..	2,00.0	68.9	5.0	19.0	22.0
Balance	..	+5,27.2	—1,22.2	+1,60.1	+76.2	—1,13.5	—22.3	—4,83.1	—2,98.2
Germany:									
Imports	..	..	..	6,44.4	11,04.5	28,34.3	23,96.4	31,58.8	38,72.5
Exports	..	90.5	2,60.6	9,50.3	8,90.6	8,67.7	12,37.8	11,60.4	14,51.5
Re-exports	..	..	..	..	2,03.0	70.0	6.9	8.8	12.2
Balance	..	+90.5	+2,60.6	+3,05.9	—10.9	—18,96.6	—11,51.7	—19,89.6	—24,08.8
Netherlands:									
Imports	..	5,25.7	5,45.2	4,96.3	6,67.8	10,91.6	10,94.8	11,41.7	13,59.0
Exports	..	5,84.0	7,25.3	7,36.7	9,55.0	7,73.3	10,25.0	6,53.4	12,86.7
Re-exports	..	..	..	..	60.9	19.1	14.7	33.1	36.0
Balance	..	+58.3	+1,80.3	+2,40.4	+3,48.1	—2,99.2	—55.1	—4,55.2	—36.3
Austria:									
Imports	..	6.4	79.8	58.5	1,95.4	2,46.5	1,95.7	2,51.4	2,13.0
Exports	..	26.9	34.3	53.1	30.8	1,00.3	42.2	53.7	28.4
Re-exports	..	..	..	..	11.7	1.2	..	negl.	..
Balance	..	+19.6	—45.5	—5.4	—1,51.5	—1,45.0	—1,53.5	—1,97.7	—1,84.6
Hungary:									
Imports	..	3.3	11.7	6.3	10.9	32.3	15.8	10.1	10.4
Exports	..	32.5	24.9	22.8	2.1	..	3.6	2.2	2.5
Re-exports	..	..	..	..	0.6	0.3	0.9	0.2	0.2
Balance	..	+29.2	+13.2	+16.5	—7.3	—32.0	—11.3	—7.7	—7.7
Poland:									
Imports	..	0.4	7.6	28.2	30.2	33.6	26.0	15.8	1,02.0
Exports	..	92.1	32.1	68.1	8.8	11.9	4.0	14.9	39.0
Re-exports	..	..	..	..	31.0	13.7	0.1	0.7	..
Balance	..	+91.7	+24.5	+39.3	+9.6	—8.0	—21.9	—0.2	—63.0
Czechoslovakia:									
Imports	..	1,71.3	2,08.3	2,81.4	2,77.0	2,81.1	1,35.1	1,13.6	1,25.3
Exports	..	3,67.2	2,19.1	1,48.9	55.4	1,18.9	1,07.1	2,75.1	1,54.3
Re-exports	..	..	..	..	53.0	9.6	10.9	38.8	8.6
Balance	..	+1,95.9	+10.8	—1,32.5	—1,68.6	—1,52.6	—17.1	+2,00.3	+37.6

INDIA'S BALANCE OF TRADE WITH EUROPEAN COUNTRIES (Contd.)

(Value in lakhs of rupees)

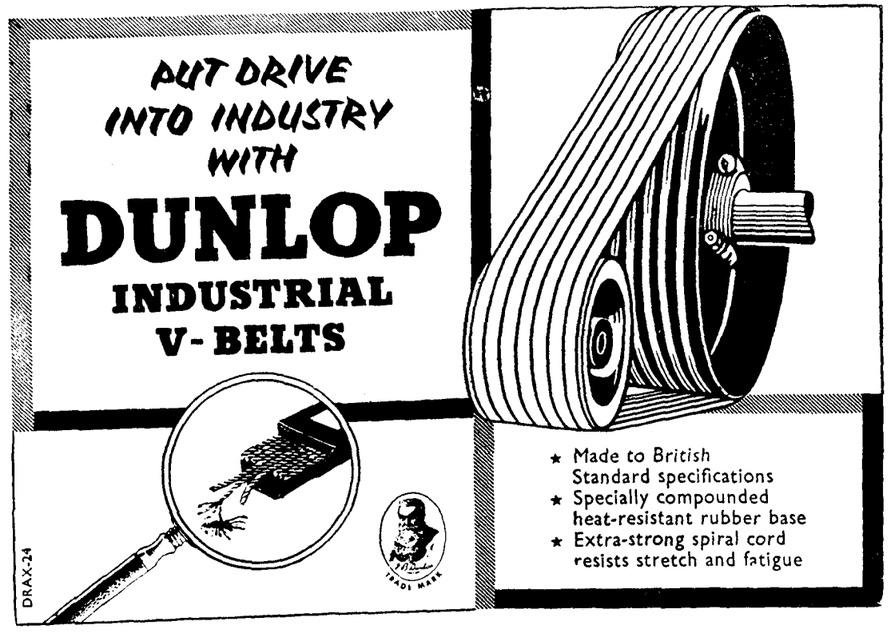
	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Yugoslavia:								
Imports ..	0.7	9.7	61.4	12.0	14.2	9.0	6.9	16.2
Exports ..	25.4	10.0	44.5	9.4	25.9	10.6	1.5	2.2
Re-exports ..	..	..	..	N.A.	N.A.	N.A.	N.A.	N.A.
Balance ..	+ 24.7	+ 0.3	—16.9	—2.6	+ 11.7	+ 1.6	—5.4	—14.0
Turkey:								
Imports ..	27.4	6.4	13.7	2.6	12.8	0.8	0.3	0.8
Exports ..	1,86.7	91.9	2,30.8	2,28.3	3,52.5	4,94.7	2,58.3	1,49.8
Re-exports ..	..	..	..	1.2	3.4	0.4	negl.	0.1
Balance ..	+ 1,59.3	+ 85.5	+ 2,17.1	+2,26.9	+ 3.43.1	+ 4,94.3	+2,58.0	+1,49.1
Switzerland								
Imports ..	9,93.7	8,65.6	7,55.9	7,60.9	9,94.3	6,94.9	9,12.1	10,16.2
Exports ..	1,46.0	1,22.1	2,53.8	2,10.6	2,04.8	58.6	75.3	92.5
Re-exports ..	..	..	..	12.1	3.6	2.0	7.2	3.3
Balance ..	—8,47.7	—7,43.6	—5,01.2	—5,38.2	—7,85.9	—6,34.2	—8,29.6	—9,20.4
Italy								
Imports ..	7,39.8	18,31.4	14,82.9	15,90.2	17,96.5	12,84.1	23,84.3	19,42.4
Exports ..	5,05.7	6,54.8	5,65.3	12,51.3	6,92.9	10,48.4	5,07.9	6,38.2
Re-exports ..	..	..	..	2,49.1	1,05.9	41.2	5.2	4.0
Balance ..	—2,34.1	—11,76.6	—9,17.6	—89.8	—9,97.7	—1,94.5	—18,71.2	—13,00.2
Norway:								
Imports ..	2,36.3	4,35.0	2,44.1	2,22.6	3,58.1	2,78.8	2,91.6	2,67.0
Exports ..	66.1	85.1	1,09.1	1,30.3	1,59.5	87.6	41.4	57.6
Re-exports ..	..	..	..	3.2	0.1	negl.	..	..
Balance ..	—1,70.2	—2,49.3	—1,35.0	—89.1	—1,98.5	—1,91.2	—2,50.2	—2,09.4
Sweden:								
Imports ..	3,20.7	6,09.1	6,19.7	5,27.6	7,47.1	5,67.8	6,19.9	6,03.3
Exports ..	2,59.6	2,11.6	2,39.1	2,41.5	2,41.4	1,80.8	1,50.7	1,53.4
Re-exports ..	..	..	..	26.1	13.2	1.6	4.9	2.8
Balance ..	—61.1	—3,97.5	—3,80.6	—2,60.0	—4,92.5	—3,85.4	—4,64.3	—4,47.1
Finland:								
Imports ..	75.3	1,38.5	1,17.1	1,48.7	3,15.5	1,81.4	1,88.9	2,15.0
Exports ..	15.3	18.7	19.6	20.1	1,05.1	25.5	12.7	17.6
Re-exports ..	..	..	..	0.9	1.0	1.6	4.9	2.8
Balance ..	—60.0	—1,19.8	—97.5	—1,27.7	—2,09.4	—1,54.3	—1,71.3	—1,94.6
U.S.S.R.:								
Imports ..	91.7	3,76.0	16,67.6	22.9	1,33.3	24.2	59.7	1,61.1
Exports ..	2,86.9	5,36.6	3,74.5	1,34.1	6,67.2	85.4	1,15.2	2,11.7
Re-exports ..	..	..	..	3.4	25.2	..	..	negl.
Balance ..	+1,95.2	+1,60.6	—12,93.1	+1,14.6	+5,54.1	+61.2	+55.5	+50.6

N.B. 1. Figures from 1947-48 to 1949-50 have been taken from the 'Annual Statement of the Foreign Sea-borne Trade of India', 1950, Vol. II and relate to private merchandise and treasure but excludes Government stores which have been merged with private merchandise with effect from 1st April, 1948. The combined figures of private merchandise and Government stores have been quoted for 1948-49 and onwards. Treasures (Imports and exports of gold, silver bullion and coins) are not included since 1950-51.

2. Figures for the years 1950-51 and onwards have been taken from the Accounts relating to the 'Foreign (Sea, Air and Land) Trade and Navigation of India'.

3. Figures for Re-exports have been separately shown from the year 1950-51 and Export figures prior to this year are inclusive of Re-exports.

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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 Eastern Economist

VOL. XXIV. NO. 24. NEW DELHI: JUNE 17, 1955. ONE RUPEE.

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Wanted: A Policy For Oil Exploration

FROM time to time, there emerges from the Ministry of Natural Resources a statement on the desirability of proceeding rapidly with the production of synthetic fuel in India. Last week such a statement emerged with the suggestion that a high-powered technical Committee is shortly to frame a policy for action. At the same time, the Government of India has proceeded with its own oil exploration plans in Rajasthan; these attempts have proved a total failure and have been discontinued ostensibly "for the hot weather". Thus the Ministry of Natural Resources is driving a policy of conflict. When it argues the case for synthetic fuel, it argues its case mainly on the ground that India is deficient in natural oil. When it enters the oil exploration business, it argues that exploration is justified by the adequate reserves of oil which must exist somewhere. The time is obviously opportune for examining which assumption deserves to be credited.

Evidence on India's oil reserves today is inadequate for a firm ruling but it is adequate enough to suggest that the synthetic fuel approach is an error and that all the resources available should be thrown into the task of finding new natural oil sources. It is true that India is not equipped with technical skill in the public sector or in the strictly Indian private sector to find this oil. But surely if the Government of India can co-operate freely with the great commercial oil companies for refineries, there can be no political objection to co-operation in drilling operations on a basis which permits the oil companies something like the return which they can earn elsewhere in the world.

At the present time, it is obvious that Indian oil exploration is proceeding very tardily because there is an inadequate appreciation in the Government of India of the basic facts relating to oil exploration elsewhere in the world. The total world annual expenditure on oil exploration is of the order of Rs. 1,350 crores; against this Indian expenditure might be of the order of one crore rupees only. Again it is estimated that the cost of oil exploration in India is about double the average for the rest of the world. India's exploration expenditure thus does not even keep pace

with the proportion which we have of potential oil-bearing regions to the rest of the world. Our share in potential oil-bearing is about 1 per cent of the world's; in view of our higher costs we should be spending about three crores of rupees a year at least on oil exploration. This is a relatively small aim; why is it not forthcoming?

It could easily come forth from the Central Exchequer; but this is one of those numerous instances where finance is not enough. The truth is that oil exploration is a highly technical subject and almost all the highly-skilled information on this subject is the exclusive monopoly of the world's great commercial oil companies and the appropriate authority in the U.S.S.R. There is a prima facie indication that the oil companies are considerably more skilled in exploration than the U.S.S.R. authorities, whose oil production has not kept pace with the Free World. It is obvious if we are to attract the oil companies to India, we must offer them something like the terms they are offered elsewhere. At present, partly for ideological reasons, we are holding them back, instead of encouraging them to go forward.

A simple instance is provided in the conditions of the mining lease. Mining leases elsewhere in the world vary from 40 years to 99 years giving an average of about 60 years. Until March, 1955, in India the lease period was 60 years. Quite summarily and regardless entirely of its discouraging effect, mining leases of this kind have been reduced to 20 years. All over the world it is regarded that 20 years is an insufficient period for private investors to embark on a highly risky proposition which may pay after the fifteenth year or even later since there is no guarantee that oil will be struck in an oil-bearing region. Again whereas in the rest of the world the proportion of oil earnings taken in taxation, royalties and import duties is of the order of fifty per cent, in India the figure is as high as seventy per cent. To make economic incentives equal, the tenure of an Indian lease should be longer than elsewhere; in actual practice today it is drastically shorter.

It is obvious from these considerations that a blind rule-of-thumb has been applied to determine the conditions under which private oil exploration can proceed. If the public sector were capable of doing the job, this would be justified. But at any rate for many years the public sector cannot do the job. Meanwhile the consequences of inactivity bear heavily on the Indian economy as a whole.

This is largely because of the cost of oil imports. Indian annual consumption today is about 4 million tons. This is small compared to world consumption of over 700 million tons. But it is large enough, even after all the refineries are going, to make a dent in our foreign exchange earnings. At present the outgo may be computed at Rs. 40 crores, but if oil consumption doubles in ten years, as is not unlikely and new refinery capacity is added, the figure ten years from now will be Rs. 80 crores. It is obviously worth while to give the oil companies an economic incentive large enough to induce them to make India self-sufficient in oil. An expenditure of three crores of rupees per year, with the technical skill of the oil companies fully employed on the task, seems capable of raising India's oil production to eight million tons in fifteen to twenty years. No one can be certain about this result, but in view of its strategic importance, who will deny that investment in oil exploration needs the highest priority?

The expenditure suggested is not one which lends itself easily to public operation. The whole armoury of financial procedure—sanctions, audit, delayed payments, debates in Parliament—is too cumbrous for a venture proposition of this kind. While, therefore, the public sector can participate financially, there is an obvious advantage in letting the commercial oil companies put their own capital into the task. All the world over this has been their method of operation and it has been fruitful, even though there is a prima facie case that it has led to high oil prices by reason of the price of oil's containing a significant element of capital formation. It is not necessary that India should accept all the conditions of the oil companies; but equally it is not desirable that India should live at great cost in an ideological vacuum.

The conclusions of this discussion can now be set together. It is obvious, firstly, that the expenditure on a synthetic oil plant is redundant in a country where there are proved oil reserves, which can be economically worked. Secondly, since technical skill is a condition of success and this rests largely with the oil companies, some satisfactory arrangements should be reached with these companies so that the task of oil exploration proceeds with speed. Thirdly, there can well be a programme of oil self-sufficiency over the next fifteen years, so that India saves foreign exchange of possibly Rs. 1,000 crores over this period. Finally, there is a strategic argument, which cannot be priced, which suggests that the production of oil should receive the highest priority irrespective of powerful economic considerations. This is a formidable array of arguments for a new oil exploration policy. Will ideological blindness still stand in its way?

Company Law Reform

WITH the special recommendation that Government should accord the highest possible priority to the consideration of the Companies Bill at the next session of Parliament, the Joint Select Committee has now presented its report on the Bill. The Select Committee has done little to fulfil the hope that the original draft Bill, which sought to turn Company Law into a cumbrous and complicated measure, would be simplified or abridged. To the mass of untidy clauses, subclauses and provisos in the Bill, more have now been added and though the Select Committee had to hold 61 sittings to consider the 612 (now 649) clauses, it has given the impression of hasty finalisation of the new clauses. It is perhaps unrealistic to have expected the Committee to rectify the technical faults of legislative draftsmanship which have made the clauses prolix and packed them with many trivialities which should have been relegated to rules or appendices. Even though the framers of the Bill had sought to model themselves on the English law, the final outcome is a piece of legislation which is longer than the model by half and, unlike the English law, indifferent about the consequences of the changes it proposes.

This criticism would be entirely valid even if one were wholly in agreement with the principles of the Bill and with the drastic changes made by the Select Committee. The Bill, seems to be one more example of the new strategy of legislation under which the Government leaves its more radical proposals, which it regards necessary for political ends, to be introduced at the Select Committee stage, obviously with its own sympathy and connivance, while taking credit for introducing in the first instance relatively innocuous and moderate measure. The Bulk of recent legislation has thus been transformed substantially midway in its course, so that Bills in their original shape no longer represent firm official policy. While some of this uncertainty can be understood in the matter of social reform—where freedom is given irrespective of party considerations for moving amendments in the Select Committee or after—the uncertainty of policy in all other cases can hardly be regarded as a commendable feature of a parliamentary system. Some of the unpredictabilities of the congressional system of the U.S.A. seem thus to have crept into our legislation. The present version of the Companies Bill bears little resemblance to the recommendations of the Company Law Committee on the more fundamental issues, which once seemed to represent also the policy of the Government of India; nor can it be said to accord with the spirit of the pronouncements from time to time of Government's spokesmen on the managing agencies or on the freedom of operations available to the private sector.

Government should have had only one outstanding objective steadily in view and that is how best to make the companies effective agencies of industrial and commercial advance on the scale now planned. Company management had indeed to be cleared of the gross abuses which had crept in; but it cannot be overlooked that the prevention of abuse is again desirable and necessary only because of the great value of companies as instruments of economic advance. The whole atmosphere in which company legislation has been drafted in the last few years is a denial of this proposition; it has been vitiated by the emphasis on the prevailing abuses, the real ones as well as those not so real. It has induced a punitive approach to the whole question of reform so that every power of the managements to act in furtherance of the objects of a company has been hedged in with restrictions and modifications, enlarging the scope for bureaucratic intervention into what purports to be the private sector. The Bill when enacted would require on a large scale not only more clever lawyers as constant advisers but also intrepid managers who can steer the company clear of the pitfalls at every stage and even more capable and sagacious administrators who alone are assumed to know what is best for each company at every stage where the department's approval has to be sought.

It is indeed a very curious outlook which regards such detailed regulation as the end of reform. The passion for regulation seems to grow with what it feeds on, though it often ends by destroying all the initiative which it sets out to regulate and is eventually faced with that wreckage. The tendency of executive agencies to play safe is too well-known to be controverted at this stage; and the multiplication of opportunities at which they can prevent venturesome, uncertain or even merely unusual, courses of action by managements, can only widen the area of stagnation. The Select Committee has debated the question whether the wide powers now conferred should be exercised by a Statutory Commission, (as advised by the Company Law Committee) or by the Government with the aid of an advisory commission. It is good that the final decision was in favour of making the Government directly responsible; for then it cannot refuse to reap what it now seeks so rashly to sow.

The case against the Bill has been best stated in two able minutes of dissent in the report of the Joint Select Committee. Mr. N. C. Chaterjee has adequately stressed the drawbacks of the punitive approach and the fear that the private sector would be placed at the tender mercies of a bureaucracy which in turn could lead to jobbery or corruption. The joint note of Mr. Tulsidas Kilachand and Mr. G. D. Somani is more detailed but extremely moderate in the tone of its criticism; it is not indeed a one-sided plea for a special interest, which it could well have been. They have suggested that the restrictions on director-controlled companies in India should not be more severe than those in the U.K. on which our law is based and that such companies should be actively promoted even if the managing agency system has to come to an end some day. That course would have made the transition smooth and minimised the dislocation. But it is not good politics and the more dramatic termination of all existing managing agencies by August 15, 1960—except where renewals are sanctioned by Government in the industries for which managing agencies are not directly prohibited—has been coupled with the statutory recognition to the system of secretaries and treasurers which is not terminable like the managing agencies. Only firms or corporate bodies can act as secretaries and treasurers of companies where there are no managing agents but their powers of purchase and sale of goods and of appointment of directors have been curtailed and their maximum remuneration reduced to 7½ per cent of annual profits. This new institution would certainly help to fill the vacuum created by the abolition of the managing agencies by a stroke of the executive pen. But the centralised authority and departmental control even in respect of minor matters of company administration may defeat any of the available agencies.

The scope for harsh administration is wide. The liability of company promoters even for omissions in a prospectus—which is not known to English law—is a leading instance. "The definition of associates is so wide" say, Messrs. Kilachand and Somani "that a person may become the associate of another even without his knowing it, or without he himself having anything to do with it, or without his having any business connection whatsoever with his co-associates." Government will have the power even to choose the ten companies in which a managing agent can function as such under the new limit, which is itself quite arbitrary. An appointment of a managing agent which is made for more than the permissible period is regarded as void not only for the excess but for the entire period. It is also laid down that a person connected with the formation of a company cannot function as an "expert". Such instances could be multiplied. If the sponsors of our company legislation are naive enough, they may claim that they have made company administration such a risky business that few would have the courage to get actively interested in promoting new companies.

Who May Be Citizen

FIVE years ago, the Indian Constitution laid down the main principles governing Indian citizenship, leaving many others to be supplemented by ordinary legislation. There has been no special urgency since then for such legislation, which is an indication of the fact that in India the issue of citizenship raises few of the vexed questions which make for serious political controversy among India's neighbours and greatly complicate their politics. Even today, the Citizenship Bill which was introduced in the Lok Sabha last month quite unobtrusively has not yet created anything but a mild display of interest. The Bill now drafted is nothing more than a general framework into which many new provisions may have to be fitted in later. There is nothing rigid about them even now and except in relation to persons connected with areas in Pakistan, international relations are not involved in the statement of conditions relating to citizenship. This indeed is a great merit when we compare the problems raised by legislation on citizenship concerning Chinese or Indian nationals in Indonesia, Thailand, Burma or Ceylon.

At the commencement of the Constitution, all persons of Indian domicile who, or whose parents were born in India or who had been resident in India for five years became citizens. Persons migrating from Pakistan before July 19, 1948, and ordinarily resident in India since then or those registered as citizens after six months' residence also became citizens, while those who proceeded to Pakistan from India lost citizenship rights. The Constitution had also made provision for the registration of Indian citizens abroad by consular representatives; persons born in India or those either of whose parents or grandparents were so born in undivided India were thus qualified for registration. In this very broad and liberal farmework of citizenship, there was only one limitation then imposed. Article 9 of the Constitution prescribed that any person who voluntarily acquired the citizenship of any foreign State should not be deemed to be a citizen of India. The only major issue of principle involved in this scheme of rights was that the Government of India was definitely opposed to Indian citizens abroad acquiring dual citizenship—a concept which has been traditionally accepted in China, causing distrust and fear among the countries of South-East Asia where Chinese nationals have migrated. There is reason to believe that this firm prohibition of acceptance of dual citizenship has encouraged even Communist China to reconsider her policy. The Provisional Constitution of the People's Republic had preserved this traditional dual nationality and citizenship for overseas Chinese but presumably a change has now come over, the first proof of which was seen in the Sino-Indonesian Agreement signed during the Bandung Conference.

The conditions and circumstances in which Indian citizenship may be acquired and terminated have remained to be formulated. In the Bill now published it is proposed that every person born in India after the 26th January, 1950, would become a citizen of India by birth; it excepts only persons born to non-citizens who enjoy diplomatic immunities. This rule throws Indian citizenship open practically to all persons born on our soil; it allows children born of foreign nationals, who may also enjoy a right to citizenship by descent in the countries of their parents, to get Indian citizenship automatically, thereby conferring a form of dual citizenship. Besides this unrestricted right of citizenship by birth, Indian citizenship can be acquired through Indian descent, or conferred by registration, naturalisation or extended by the incorporation of territory into India.

A person born outside India to an Indian citizen can acquire citizenship by descent even without any condition as to legitimacy. Citizenship by registration is available to persons of Indian origin who are ordinarily resident in India or outside undivided India, to the wives and minor children of Indian citizens, and to citizens of the Commonwealth countries who are ordinarily resident in India. This provision again facilitates the easy registration of all non-Indians who are likely to desire Indian citizenship and seek registration as such, the only condition required of them being an oath of allegiance to the Indian Constitution. For all other non-Commonwealth foreigners, naturalisation under a certificate granted by the Government of India provides a comparatively easy procedure for admission to citizenship; and even the few conditions for naturalisation now laid down in a schedule to the Bill can be waived in the case of applicants who have rendered distinguished service to art, science or literature. And finally, the Bill provides for issue of special orders to specify citizens in territory to be included in India, having in view the foreign possessions remaining to be incorporated.

There is thus little that can be called narrow or restrictive in the Bill in its approach to citizenship. Government has wisely acted on the assumption that persons of Indian origin or those born to them who will seek Indian citizenship will not prove a problem, and that in any case their aspiration for citizenship should not normally be blocked. It is not therefore possible to suggest that the Bill should abridge the facilities given to persons either of whose parents or grandparents were born in undivided India. But while the opportunities for those who genuinely seek Indian citizenship should not be circumscribed, there is no reason for not restricting further the scope for dual citizenship which is now wide and introduces a disparity in status between an Indian acquiring foreign citizenship voluntarily and an outsider similarly acquiring Indian citizenship. Provision is made only for a citizen or national of another country renouncing his Indian citizenship (which he may acquire in spite of his inclinations because of birth or descent). There is also a power vested in the Government to deprive a person of Indian citizenship in cases of fraud or misbehaviour, if he has acquired citizenship through registration or naturalisation. Thus the renunciation of dual citizenship would depend only on the laws governing a person's earlier non-Indian citizenship. The Statement of Objects and Reasons in the Bill firmly states as the Government of India's policy that "it is not proposed that the person should renounce his foreign citizenship as a condition for retaining his Indian citizenship." Therefore, this is not advertence. But the consequence of this policy may be the creation of some confusion in the status and privileges of such foreign citizens, which experience alone can reveal. British precedents may offer solution in such cases, as the proposed law is modelled on the British Act. But a more detailed consideration of the provisions will be necessary by the Select Committee for possible snags, before they are accepted in their present form.

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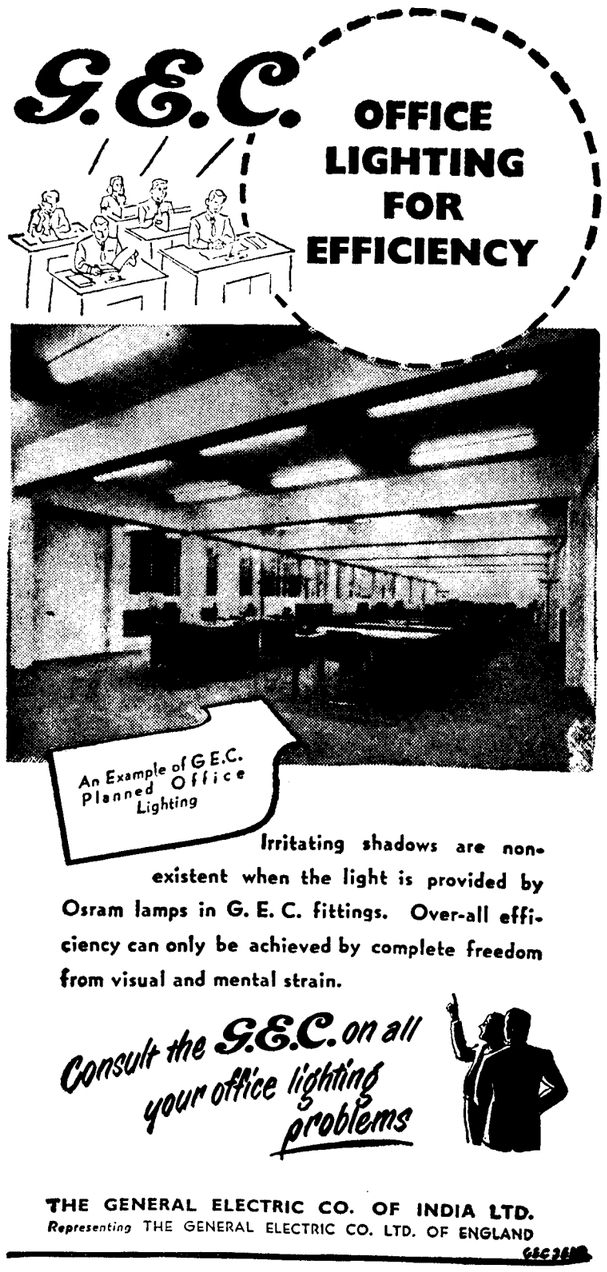
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BB 54



THE WEEK'S NOTES

ASCENT TO THE SUMMIT

WITH RUSSIAN acceptance of the date and place proposed by the three Western Governments for four power talks at the summit, all thoughts now turn to what the Big-Four will discuss at Geneva for four days from July 18. The preliminary Big-Three Foreign Minister's meetings this week in New York, in which the West German Chancellor will take a leading part, may settle the Western approach. There is an embarrassing invitation to Dr. Adenauer to visit the USSR and it is unlikely that the Chancellor would regard it as expedient or desirable to refuse it. Whether he will be able to secure concessions at Moscow without sacrificing in any way West Germany's integration with the Western Powers it is difficult to forecast now. Much would depend on the public reaction of the German people when confronted with the offer of peaceful unification of a free Germany, but with German neutrality as its price. Austria has provided a good model and an extension of the neutral area may well satisfy Soviet aspirations at the moment and encourage the Russian leaders to agree to some form of free elections. The agreement with Yugoslavia in which the Russian leaders have acquiesced even in a new type of Communism and Swallowed the propaganda of hate of five years from 1948, is a significant development in this context.

Four days seem too short to discuss all the issues of reduction of international tension and strengthening of mutual confidence in relations between States. But what the heads of Governments will do is to see whether they are satisfied that there are prospects of agreement if talks are continued at lower levels. The summit talks will be held among men who are altogether new, the only surviving party to the old Big-Four agreements, Sir Winston Churchill, having retired. There need be no inhibitions in having free discussions. The Big-Four leaders will have their own agenda and whether it is international Communism and Eastern Europe or Western military blocs, there should be freedom to discuss the causes of tension as they appear to the parties. It is therefore idle to speculate on the agenda at this stage; the time limit of four days is not perhaps inflexible but it would be sufficient for giving indications of constructive approach. Anything longer may only give room for interminable arguments on the Soviet side leading nowhere.

RUSSIA AND JAPAN: A SURPRISE TURN?

THERE HAS been speculation that the Soviet Union has proposed termination of the state of war and exchange of diplomats with Japan at the very outset of the formal Japanese-Soviet peace talks in London. London reports suggesting that Chief Soviet Delegate Jacob Malik, Ambassador to Britain, had done so at his first formal meeting with his Japanese counterpart Shunichi Matsumoton on June 7, injected an element of surprise as the Russians were expected to make a "slow start" and angle for long-drawn out negotiations. The Japanese and Soviet Governments, however, remained silent on what actually transpired at the first Matsumoto-Malik meeting. The fact that the two chief negotiators agreed to postpone their next meeting originally scheduled for June 10 to June 14 so as to enable them to consult their home governments. heightened belief that some thing more than "routine" had cropped up at the very start of the talks. Foreign Minister Mamoru Shigemitsu has asserted that Japan did most of the talking at the June 7 meeting and said that Malik made it known that Russia's view relative to Japan's position would be clarified at the next conference.

Foreign Minister Shigemitsu has stated simply that Matsumoto had made an overall statement on Japan's position and claims saying that Japan's basic policy had been clarified by himself in his statement to the Diet May 26 to the effect that "the object of the negotiations is to conclude a peace treaty for the termination of the state of war and the restoration of peace, thereby making it possible to establish diplomatic relations and exchange of diplomatic representatives." He had also emphasized that the "release and repatriation of Japanese detainees is a question which should be settled before anything else." Although no confirmation could be had as to whether the Russians had proposed termination of the state of war, it seems that Malik had enunciated Soviet desire first to put an end to the state of war and then tackle other pending problems. If this was true, it meant that the Soviet Union was assuming an attitude entirely opposite to that of Japan, which seeks settlement of pending issues first before going on to conclude a peace treaty. This was believed to have led to abrupt postponement of the second Matsumoto-Malik talks.

GO-SLOW IN BOMBAY DOCKS

THE INDUSTRIAL Tribunal appointed by the Government of India to adjudicate disputes relating to Bombay Docks has announced the first part of its award. The Tribunal is of the view that the failure of the existing wage and incentive bonus scheme to secure a fair output and quick turn-round of ships in the port of Bombay was due to various factors, such as, indifference of labour towards its duties, unauthorised absence of workmen for an hour or so during the shift, tendency on the part of workmen to work for two shifts or excessive overtime instead of turning out adequate work in one shift, and the system of paying "speed money" to certain workers. The Tribunal has come to the conclusion that there was strong evidence that workmen had been going slow and, at times, an intensified "go slow" policy was adopted by them. The contentions of the trade unions that the fall in production was due to such factors as congestion in sheds, defective cranes, change in the tally system and delays in customs examination, had little substance, in view of the fact that new sheds had been erected, and the conditions in the docks in regard to storage and clearance had greatly improved. The Tribunal has maintained that a large number of electric tractors, mobile cranes, electric cars and fork lifts had been installed, and the equipment of ships had been improved to facilitate quick discharge and loading of the cargo.

The Tribunal has rejected the argument of the unions that lower production and unauthorised absence of workmen during the shift was due to the absence of adequate amenities such as canteens. It has agreed with the Bombay Port Trust that the time rate system of payment had resulted in slowing down the work. The Tribunal has processed the piece rates on the basis of an increased time rate and has fixed piece rates for various categories of workers. Adequate safeguards have been laid down while fixing the piece rates. Accordingly, payment would be made at the time rate in case labour was rendered idle on account of circumstances beyond its control. Workers reaching 90 per cent of the datum line would be entitled to not less than the time rate. For production in excess of the datum line, payment would be at double the usual rates. Besides, certain minimum wages at a rate higher than those provided by the Minimum Wages Act have been guaranteed. Workers whose output could not be measured, would be paid at time rates. The Tribunal has rejected the demand of the Transport and Dock Workers

Union for the framing of a scheme for the decasualisation of workers on the lines of the Bombay Dock Workers (Regulations of Employment) Scheme which is at present applicable to stevedore workers only.

EASTERN RAILWAY—A SPLIT ZONE

THE RAILWAY Minister, Shri Lal Bahadur Shastri, announced at a Press conference that the Eastern Railway will be divided into two separate railway zones, known as the Eastern Railway and the South Eastern Railway, with the headquarters of both at Calcutta. This step had become necessary as the administrative machinery on the Eastern Railway, already considerably strained, would become unmanageable with developments envisaged under the second Five-Year Plan. The Eastern Railway at present carries 48 per cent of the total goods traffic on the Indian Railways and at the end of the second Five-Year Plan period, the increase in traffic on this Railway, as it stands today, is expected to be about 75 per cent over the tonnage handled by it at present. The two zones would begin functioning from August 1, 1955, which is the appropriate time for any major organisational changes, as the slack season commences from July. This decision now vindicates the critics of the zonal system who have been agitating for a reconsideration of the system. The Railway Minister has said: "Experience of working indicates the necessity for certain adjustments within the existing organisational set-up of some of these zones and necessary adjustments will be carried out as and when required."

The composite work-load, as assessed by the Efficiency Bureau of the Railway Board assuming the old G.I.P. Railway figure as 100, worked out to 98 on the Western Railway, 109 on the North-Eastern Railway, 118 on the Northern Railway, 118 on the Central Railway, 127 on the Southern Railway and 215 on the Eastern Railway. The Eastern Railway, which has the heaviest work-load, handles about 48 per cent of the originating tonnage and just over 33 per cent of the wagons loaded and ton-miles on the Indian Railways. The passenger train-miles and passenger-miles are also the heaviest, being 23.1 per cent and 19.3 per cent respectively of the total. During the second Plan period, the increase anticipated in goods traffic will be 50 per cent as against an increase ordinarily during a five-year period of about 12 to 15 per cent and in the case of passenger train-miles it is expected to be 30 per cent as against the normal increase of 7 to 10 per cent. Three new steel factories each producing about one million tons of steel per annum, and other developments would promote a rapid rise in traffic which will naturally require considerable expansion of rail facilities and the main brunt of these developments will fall on the Eastern Railway. Coal despatches are expected to increase from 37 million tons at the end of the first Plan to about 58 million tons at the end of the second Plan, iron ore from 5 million tons to 22 million tons and iron and steel from 1.8 million tons (excluding imports) to 6.8 million tons, contributing to an increase in traffic on this Railway of about 75 per cent. The division is, in principle, sound and timely but its organisational implications will have to be worked out in detail.





A Window on the World

MY ECONOMICS AND VINOBAJI'S ETHICS

BY

ODYSSEUS

IF I HAVE, in the past two weks, given the impression that my attitude towards Acharya Vinoba Bhave's vision of the world—as expounded by Mr. Hallam Tennyson in his unusually interesting and well written book "Saint on the March"—is purely negative, this week I would like to give myself another chance in order to show how much I agree with his spiritual message.

Vinobaji's message is that not profits, not efficiency, not the limitless multiplication of wants and possessions, but the service of man should be the test for the acceptance or rejection of any economic activity. But cannot mass production serve man by supplying his needs cheaply and reducing his working hours so that he can relax in creative leisure? Vinoba answers with a parable: Bags of sugar are carried by bullocks to make their way into the belly of the epicure. Now the epicure gets a bad liver and the bullock a broken back. So it is with our machine age. We produce such tons of "happiness" that the sheer weight crushes us, which being interpreted means that mass production leaps ahead and the millennium of creative leisure eludes us. Two world wars and now a permanent cold war have prevented it, say the mass-producers. No, replies Vinobaji, for these evils are partly the result of mass-production, with its rising demands for markets and supplies. Besides, creative leisure has also been postponed because mass-production has created a passion in employers for limitless profits and in workers for limitless spending. Advertising strives to increase consumption and create new wants. For Vinoba, the service of man is not to multiply his wants or to condemn him to hours of soulless drudgery, but to help him to worship God and to meaningful contacts with his fellows.

Vinobaji hopes to achieve his Utopia by changing hearts, not governments. "The government is only a bucket. The people are the well. If there is no water in the well, how can there be any in the bucket? I go to the source of the water, the people themselves." His technique of conversion is the power of self-denial and gentleness. One of his weapons is Bhoodan. Another is Sampattidan, whereby those with no land to give should pledge themselves to make over one sixth of their income to be spent on community needs and public works. Sampattidan is not only spiritually good for all who practise it but mobilises wealth in every form in the service of society. Sampattidan would turn every home into a bank on which society could draw for all its wants.

THE MEANS OF PRODUCTION AND SALVATION

Vinobaji's message strikes me as unimpeachible moral, and confused economic teaching, and I believe that if we scrape away the doubtful economics, the faith thus revealed will shine all the stronger.

I concede at once that it is a reasonable charge against the modern world as a whole that it has devoted more thought to perfecting the means of production than of salvation. On my level of thought, I conceive it to be my function to throw such light as within me lies on the economic and other problems that I discuss in this column. On Vinobaji's level of thought, I conceive it to be his function to open our eyes to spiritual values, so if I offer some comments on his economics, I hope that he will counter with criticisms of my spiritual values, for in that sphere I have no alternative but to recognise myself an amateur and he, if I may say so with respect, as the expert.

Vinobaji recognises that not merely a little but a vast deal of material production is necessary for our continued existence, and perhaps he would also agree that without existence there can be no values at all, good, bad, or indifferent. If we have to produce to exist, what bothers me is why it should be wrong to reject profits, efficiency, and the limitless multiplication of wants. What is the alternative? Production for service and not for "profit"? But how does the most Socialist Government decide whether a new railway or a new dam is more needed? By estimating which will render the greater services? How does it calculate the amount of these services, if not by the profit or loss on its venture? If dependent on profitless and inefficient production, where would Vinobaji's Sampattidan donors find the money to finance local community needs? From their losses?

What, after all, are wants and possessions? Food, clothes, communications, music, poems, plays, pictures, books of all kinds, ranging from a detective novel to the Mahabharata, Kalidas, the Bible—even "The Eastern Economist". This paper satisfies a want—or else it would soon go out of business—and it constitutes a possession. Is there anything immoral about our efforts to satisfy your want to have the current economic scene explained? Anything immoral about your possession of a file of our back numbers so that you can refer to them in the course of your work?

Is the multiplication of wants and possessions immoral? On the contrary, the more you cut down wants and possessions, the more you limit the potentialities of the human spirit, the more you narrow the sphere in which spiritual values may reign. If an individual is inadequately fed, he starves. If he is a saint, starvation may, to some extent and for a limited period, quicken his spiritual perceptions, but let him starve long enough and he will have no perceptions at all. If the individual is an average man, starvation will fill his whole horizon and he will concentrate, not on spiritual values, but on an increasingly desperate search for food or work to earn it. The same with clothing. The saint, shivering with cold in the Himalayas, may presevere in his saintliness for a while, but leave him there long enough, and there will be one saint the less. The ordinary inadequately clothed man merely suffers from the cold: he does not write poems or read the Mahabharata.

SHOULD MR. TENNYSON BE ELIMINATED?

Vinobaji does not travel by train, but his power to influence the masses would be infinitely reduced if he could not receive and transmit letters by train. What is a train but one of a limitless multiplication of types of communications that ramify into newspapers, radio, the mails, the printing press, and the exchange

of every type of want and possession? If Mr. Hallam Tennyson's excellent book about Vinobaji's work were reckoned among the limitless multiplicatons of wants and possessions to be eliminated, I for one would have been spiritually the poorer, and Vinobaji's influence for good would be less widespread than it will be after tens of thousands of copies have been sold to people wanting it and putting it among their possessions.

But Vinobaji is, I am glad to say, really on my side in all this, for has he not classed machinery as morally neutral and does he not assert that sin arises through man's misuse of it? Now machinery is as much a want and a possession subject to limitless multiplication as any other, and if so, surely all wants and possessions are equally morally neutral. To eat a chapati, to buy a sari, or to go to a cinema, are surely harmless. To gorge chappatis, to spend on saris to the detriment of one's children's health, to live all one's leisure in the cinema world of escapist fantasy—are these not the faults of the person wanting or possessing, not of the thing wanted or possessed? Is it not begging the question to identify mass production with the special case of a morally delinquent epicure? Most of us have eaten sugar all our lives but not, I hope, broken the backs of any bullocks or ruined our livers. Mass production is merely a technique that may be used or abused.

Nor can I see, as Vinobaji also argues, that either of the World Wars was fought for (morally neutral) markets. They were caused by certain peoples and their leaders who had not developed sufficient moral stature to settle their differences peacefully, and who stood much in need of Vinobaji's sermons in loving kindness.

I admit that average men of all nations are apt to set up false standards of wants—to satisfy vanity, greed, or lust for power, but it is no good blaming their economics—which is the study not of morals but of why a man or a country is materially richer or poorer than another—when what you should be blaming is their ethics. Gradually we must hope that trains, press, radio, books, and all the other mass produced means of modern communications, will spread Vinobaji's gospel of lovingkindness wider and further around the world, thus creating a lmitless multiplication of higher wants and spiritually valuable possessions.

But, however, much I may join friendly and respectful issue with Vinobaji about his economics, I am confident that every reader of this column will join with me most heartily in wishing him all success in his campaign, for the more people whom he succeeds in converting to the moral principles behind his Bhoodan movement, the happier land will this our India be. To a Left-wing objector, who had argued that no class has ever committeed suicide, that this was against psychology, Mr. Tennyson quotes Vinobaji as replying magnificently:

"Perhaps I don't know much about psychology. But I have faith in the human heart. Your attitude towards the rich will make the good as well as the bad among them join together against you"—a shrewd point which suggests that Vinobaji has plenty of psychology at his disposal—"What does that mean, but that the bad gain more strength? You want a revolutionery programme and you think that a revolution cannot be brought about without hatred and boodshed. But you are not revolutionaries at all"—Comrades, are you listening?—"what you want is merely that those who are at present happy and powerful should change place with those who are not."—A hit, a palpable hit!—"I do not call that revolution," continues Vinobaji, "I call that maintaining the status quo. Bhoodan is the only way in which the whole of our society can rise together to eliminate misery and not merely transfer misery on to someone else, which is what you self-styled revolutionaries wish to do...."

[This is the last of a set of three articles on Bhoodan—Ed.]

B.I.C.

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B.I.C.

A DELHI DIARY

I MUST confess to a morbid interest in the temperature at Delhi. I suppose it is natural to measure one's privileges by the level of one's less fortunate fellowmen. It is, of course, quite impolitic to describe one's privileges in these hard days of the socialistic pattern of society. After all, if equality is the end of life, why should some people have holidays in hill stations and others not? If the socialistic pattern of society is driven to its logical conclusion, we should all be stewing in our own juice at about the same temperature. I see the minimum temperature at Delhi has been on one day last week 94°, which is described (encouragingly) as 11° above normal. I rejoice that some little privilege still remaining has allowed me to separate myself from my fellowmen and the surrounding 'loo'. But I earnestly desire that new privileges should be created for all and that the Welfare State should make trips to Kashmir possible for all. I trust that these sentiments will find an echo in the austere breast of the Finance Minister. Even more hopefully, may I wish that the Finance Minister is away at a hill station, making the necessity of privilege a little more acceptable than it is in the levelling atmosphere of the plains?

THE GARDENS OF KASHMIR

Being unashamed of privilege, I feel justified in describing the full extent of my iniquity. With an abandonment to luxury only equalled by the Moghul Emperors, I have relaxed in five superb gardens in this one week—Shalimar, Nishat Bagh, Chashmashahi, Achchabal and Verinag. There are (alas!) few people outside Kashmir who know of the tremendous lavishness with which Jehangir and Shah Jehan embellished their brief sojourns in the beautiful valley. It is difficult to say which of these gardens is the most attractive. I express my preference for what is (speaking gardenwise!) the least in size, that is Verinag. But which other garden in the world can claim to have within it the source of a great river and a spring of beautiful water coming forth incessantly at the rate of 122 cubic feet per second. (Will some engineer friend kindly convert this into cusecs for the benefit of the Ministry of Irrigation and Power?)

THE AGE OF THE PEOPLE

It is a pity that Verinag and Achchabal are so far from Srinagar. They cannot be visited by the multitude like Shalimar, Nishat Bagh and Chashmashahi which are only eight, six and two miles out of Srinagar. On Sunday when the fountains play and the atmosphere of the Great Moghuls comes back to these scenes of their grandeur, one gets the impression that after all the Moghuls built for the people. Thousands of people flock into the gardens. I cannot say that at Achchabal where I saw some thirty thousand people at a mela last Sunday, I was much impressed by the good that the people did to the gardens. But it was truly exciting to feel that Nur Jehan's garden was such a wonderful elixir to the poor in the surrounding villages. I wish the architects of our Welfare State will see (and imitate) the practice of making great gardens available in the Age of the People.

It is not, of course, only the people who benefit by Moghul vision. The Prime Minister of Jammu and Kashmir, Bakshi Ghulam Mohammad, gave a reception at Shalimar last Thursday to His Royal Highness Prince Saif-el-Islam Al Hassan, Prime Minister of Yemen. Only half the topmost terrace was used; it was sufficient to accommodate some five hundred guests and (four terraces below) about a thousand others who had come in to see the host and the distinguished guest. I was much struck by the quiet efficiency by which the uninvited were stopped at the fourth terrace without any significant display of force. Later on the Kashmir Prime Minister moved freely amongst them, and (curiously) in this age of equality, I felt that the underprivileged were perfectly happy.

I should mention that there is a democratic outlook in Srinagar which might find some little imitation in New Delhi. In New Delhi the host and the guest of honour stand stiffly at the entrance and shake the hands of their guests often without enthusiasm. In Shalimar last Thursday I noticed that Bakshi Ghulam Mohammad went round to every table, saying a word or two to every group of his guests. He then went round again introducing the Prime Minister of Yemen to them. This may not be excellent Protocol; but I have no doubt that the guests greatly appreciated these two thoughtful tributes to their importance. The guest in Delhi is all too often a member of a crowd; I have a feeling that Kashmir hospitality is superior!

THE SHIKARA

Having delivered myself of this indiscretion, let me return hastily to more impersonal observations. One of my minor discoveries in Kashmir is the Shikara. The Shikara is a kind of Gondola, only lighter and far more easily manoeuvred. On it one can glide through all the little streams that run in and out of the Jhelum, or one can run out into the spacious Dal or Nagin Lakes where it is a delight merely to lie at ease or to move gently on still water. I expect the fact that one has snow clad mountains almost all around one makes things even more romantic. But I still give most of the credit to the Shikara. I am told the Kashmir Shikara is unique. Will someone kindly let me know who was its inventor; I wish to pay him fulsome tribute.

The Shikara is not the only Kashmir discovery. I believe the Houseboat was also invented here, though I have not been able to check this particular claim. In any case some quite unusual ornaments have been added here and Kashmir arts could find an even more notable market in the equipment of these boats than they now do. There is, at the present time, an abundance of supply in relation to demand, that is there are many houseboats to let. According to good economic theory, the rent of houseboats should be declining. Alas, I am beginning to recognise how bad in operation is good economic theory. The rent of houseboats seems to be fixed by unalterable laws of which the Law of Demand and Supply is not one!

ARGUS.

BOOK REVIEWS

SOCIETY AND THE SCIENTISTS'

Science and Freedom: Proceedings of the Hamburg Congress of Cultural Freedom (1953), Published, 1955: Price 25s.: Pages 290.

This volume containing 20 papers by some of the leading scientists of the free world, read and discussed at a Conference Convened by the Congress Cultural Freedom at Hamburg in 1953, reveals a cross-section as it were, of the grave issues arising out of the current totalitarian attack on cultural freedom in general, and scientific freedom in particular. One problem concerns the conditions under which scientific investigators as a body may accept state aid for their work and institutions. The rule that the paymaster can call for the tune is not accepted. They should never allow scientific conclusions to be imposed on them by the state, whatever the plea, whether Nordic race superiority, or Bolshevic world revolution. This reminds the Indian reader of the social implications of dharma, which was primarily pluralist in character.

Another problem discussed was the moral responsibility of the scientist as citizen. 'Professor Jores points out how German scientists felt they were doing their duty to their state in its hour of danger. Now in Soviet Russia, scientists feel they are assisting the state to establish the final world-state bringing eternal peace and happiness for all. In such a conflict, Prof. Jores concludes that the only way out is to acknowledge final responsibility only to God. But Prof. Apery in the discussion that followed pointed out the inadequacy and even danger of such a religious appeal. He called for freedom for children to choose their own ultimate world-view, theistic or atheistic. Professor Ramond Aron attacks the central tenet of totalitarianism, whether of the Nazi or Marxist variety, namely, that truth is either national or class in character. Both of them deny the possibility of absolute, objective knowledge. Such denial of absoluteness in knowledge is shared by pragmatism which was the dominant trend in America in the inter-war years.

The volume thus opens up most of the problems that are perplexing the contemporary world and suggests many fruitful lines of enquiry. But on one thing there is unanimity namely the paramount need for freedom for the scientist in his work, both of choosing his subjects for study and of adopting methods for solving the intellectual and technological problems that confront him. There is need for further work in clarifying the social responsibility of the man of science as well as that of workers in all spheres of culture.

A WORKSHOP OF DIPLOMACY

The Foreign Office: By Lord Strang and other Members of the Foreign Service: George Allen and Unwin Ltd., London: 1955: Pages 226: Price 15s. net.

Democracy distrust secrecy and expertie. Parliaments, including our own, have often complained of the wasteful expenditure on the countries' embassies abroad. Also, diplomacy has always carried a shade of suspicion as employing amoral methods, though for the national interest.

The present work seeks to combat these prejudices by presenting a plain and straightforward account of the actual work turned out by the Foreign Office and the Foreign Service. It gives a graphic picture of the structure and organisation of the Foreign Office and of the Embassies abroad. The work of the embassy in observing the social and political scene, keeping a record of its impressions and findings, in keeping touch with the principal personages in Government and outside, in removing any misunderstandings that may arise, are all vividly and fully described. It makes one doubt whether the nationals of the country so observed could have such a complete picture of trends in their own country. It is an object lesson to all underdeveloped, newly-enfranchised countries like our own.

The authors also discuss the merits and demerits of the new "open diplomacy" and "conference method" so popular since the days of Woodrow Wilson. They conclude that they have their own dangers tending to let popular prejudices and passions have too great an influence on international relations. They demonstrate the need for and value of the old fashioned method of personal "negotiation" even under present conditions.

BIG POWER SAGA

America, Britain and Russia, 1941-1946: (Their Co-operation and their Conflict): By William Hardy McNeill: Published by the Oxford University Press: 1953: Price 63s.: Pages 789.

This is the third and concluding volume in the "War-time Series" of the Survey of International Affairs edited by Arnold Toynbee. The author is an American, W. H. McNeill of Chicago University. Though massive in size and rich in material, the survey is extraordinarily readable. It relates the phases of military strategy and co-ordination among the three war-time allies in a revealing manner. It relates military events to the political attitudes of the Big-Three, Churchill, Stalin and Roosevelt. The sequence of events from Pearl Harbor moves with the interest of an absorbing drama reaching its crisis and climax of near-victory at the Yalta Conference. The recent publication of the notes of Big-Three Conference at Yalta has been sought to be used in some quarters to discredit Roosevelt and his associates for not fathoming the duplicity of Stalin. The present narrative by McNeill almost rehabilitates Roosevelt. It shows how Roosevelt's concessions to Stalin were prompted partly by military considerations such as the need for enlisting Russian manpower against the Japanese and partly by the reasonable attitude of Stalin himself.

The error lay in the excessive trust Roosevelt placed in the possibility of winning Stalin's Russia for peace-time collaboration with the U.S.A. and Britain through the UNO. Having won Stalin's support for the UNO, Roosevelt felt he had secured the future. McNeill has a small section wherein he shows the lively and persistent interest Roosevelt and Cordell Hull showed throughout the war in Indian independence and their pressure on Churchill in this behalf. Beginning with the cleavage of policy over Poland between Stalin and the Western powers, McNeill shows how Stalin broke one after another all the pledges he had given regarding democratic elections in the East European countries. The analytic narrative reveals with striking sharpness the startling contrast between the idealistic promises solemnly made in the Yalta conference and the reliance on the old diplomacy of power politics and spheres of influence. Roosevelt himself ignored the principles of the Charter in conceding Russian claims in Manchuria. The rapid onset of the cold war is traced clearly and the end of the war in 1946 brings us into the centre of the world struggle in which the powers are engaged today.

WORLDGRAM

AGRICULTURE

Sugar Production in Commonwealth Countries: An increase, continuing the upward trend of recent years, is foreseen in the 1954-55 sugar crops in most producing areas of the Commonwealth by the well-known London brokers, E.D. & F. Man. In their latest monthly bulletin, Messrs Man, list sugar crop results and expectations since 1939. The following are the figures for 1954-55 and 1953-54:

	1954-55	1953-54
	(In thousand long tons)	
India and Pakistan	5,300	4,900
Australia	1,305	1,220
Canada	117	125
British West Indies	822	790
British Guiana	257	239
East Africa	71	60
Fiji	140	190
Mauritius	499	504
South Africa	739	648

This makes the totals for Commonwealth cane production in the 1954-55 and 1953-54 seasons 9,250,000 tons and 8,676,000 tons respectively.

*

World Natural Rubber Production Increases: The U.S. Department reports that World production of natural rubber was 162,000 long tons in January 1955, compared with 152,500 long tons in January 1954. World consumption of natural rubber was also up, with 160,000 long tons used in January 1955, compared with 142,500 long tons used in January 1954. Most of the consumption was in the free world. The consumption of natural rubber in the Soviet Union and Communist China, it is estimated, was 7,750 long tons in January 1954 and the same in January 1955.

*

Land Reforms in Ajmer: The President has assented to the Ajmer Abolition of Intermediaries and Land Reforms Bill, 1955. The Bill seeks to abolish intermediaries between the actual tillers of the soil and the State and the payment of compensation to them. It also provides for certain measures of land reform consequent on such abolition. There will be only two tenures, namely, bhumidars and kashtkars, instead of the numerous proprietory and tenancy rights existing at present. The intermediaries to whom land will be allotted as well as the existing rent free grantees and grantees at favourable rent, ex-proprietory, occupancy and hereditary tenants and sub-tenants, who have been in possession of land for 3 years or more, will, according to the provisions of the Bill, become bhumidars of the land in their possession direct from the Government, and will pay rent to the Government at appropriate village rates.

*

Expansion of Irrigation Facilities: Out of 2,000 tube-wells, construction of which started in July 1953, 1,700 tubewells have been drilled, 1,500 of them developed and 1,316 already installed with pump-sets up to April 30, 1955. The programme is scheduled to be completed by December 31, 1955. At the present rate of construction of about 75 wells per month, the programme is expected to be completed within the scheduled period. Under the second programme for the construction of 650 tubewells which was started in November 1954, 291 wells have been drilled, 254 developed and 199 installed with pump-sets. This programme is scheduled to be completed by January 1956. In addition to these two projects, taken up under the Indo-American Technical Assistance Programme, the Government of India have also launched upon a plan for the construction of 700 tubewells under the Grow More Food Programme. Work on this project has started recently and about 56 tubewells have so far been constructed.

INDUSTRY

Czechoslovakia to Construct Cement Works in Afghanistan: An agreement was recently signed in Kabul under which Czechoslovakia is to erect a cement works at Djebel-us-Saraj, north of Kabul. The cement plant will be entirely equipped with Czechoslovak machinery and on commencing operation will be handed over to the Afghanistan Cement Corporation. Czechoslovak experts will school Afghanistan experts in the running of this concern. Czechoslovak products have an excellent reputation in Afghanistan and several factories which Czechoslovakia constructed there in the past operate perfectly.

*

Development of Electronics and Wireless Equipment in Second Five-Year Plan: A Panel for the electronics and wireless equipment industry has been constituted by the Government of India to secure planned expansion of the industry during the second Five-Year Plan. The Panel will review the working of the industry and suggest measures to secure full and efficient utilisation of the installed capacity including the fixation of targets, if necessary, and reduction of costs of production to a reasonable level while providing conditions in which workers can put forth their best. The Panel will suggest measures for improving or increasing the productive capacity of the industry and advise on special problems such as the treatment of any uneconomic units. It will advise on the future development of the industry including planning and rationalisation.

*

West German Jute Goods Production: The output of the West German jute industry in January 1955, declined slightly from the previous months' level, reports Indian Central Jute Committee. Spinners produced 8,200 tons of yarn against 8,400 in December. Production of the weaving factories during the month was 6,400 tons as compared to 6,500. Member firms of the West German Manufacturers' Association imported 86,608 tons of raw jute valued at 86.07 million marks last year against 88,027 tons worth 80.7 million marks in 1953. Supplies from Pakistan declined to 84,379 tons from 85,513 tons in 1953. The internal market is reported to be absorbing most of the industry's production. Domestic sales have improved so much that, despite an extremely difficult export position, manufacturers have assured full employment in the coming three months, the industry's production for the period being fully booked.

TRADE

Indo-Ceylon Trade: The following table shows imports into Ceylon from India and export from Ceylon (including re-exports) to India and the balance of trade during 1954:

Indo-Ceylon Balance of Trade

(1954)

	(In Million Rupees)	
	1953	**1954**
Imports from India	200.04	191.31
Exports to India	41.96	74.03
Balance of Trade in favour of India	158.08	117.28

There has been a general decrease in imports from almost all the principal suppliers to Ceylon. Imports from the United Kingdom declined by Rs. 66.11 million, Australia by Rs. 68.79 million, China by Rs. 50.79 million, United States of America by Rs. 15.66 million and India by Rs. 0.9 million. The principal commodities in which there had been shortfall in imports from India are jaggery, coal, roofing tiles, cotton piece-

goods and artificial silk. Commodities such as chillies, fish dried or salted, onion, beedies, cement, and mixed piece goods showed improvement in 1954 as compared to 1953. Exports from Ceylon to India in 1954 increased by 32.07 million. Exports as usual were confined to coconut oil, copra, hides and skins, and arecanut.

*

Ceylon Government to Allow Private Trade with Soviet Union: Ceylon has decided to allow private trade with Soviet Union and East European countries in "non-strategic material", according to a Commerce Department spokesman in Colombo. The official said that for the time a Ceylonese had been granted authority to enter into barter deal with Czechoslovakia. He was allowed to import cement in exchange for dessicated cocoanut. For some time now, following the recent crisis in the tea market demands have been made by private trade to allow trade with these countries in order to save the tea market, from dependence on Britain. The only Communist country with which Ceylon had trade dealing so far is China to whom she sells her rubber in exchange for rice.

FINANCE

Adoption of General Estate Duty Act, 1953, by Madras: The Estate Duty Act becomes operative in Madras State in respect of agricultural lands with effect from April 2, 1955. The Government of Madras have passed the necessary resolution under Article 252(1) of the Constitution authorising the Centre to regulate the levy of Estate duty on agricultural land in that State. Thirteen Part A and B States have so far adopted the Central Estate Duty Act, 1953, in respect of agricultural land. They are Assam, Bombay, Madhya Pradesh, Madras, Orissa, Punjab, Uttar Pradesh, Madhya Bharat, Hyderabad, Rajasthan, Saurashtra, and Travancore-Cochin. The Act has already been adopted in all Part 'C' States.

*

Iraq's Budget: Total revenues in the 1955-56 Iraqi budget are estimated at ID50,961,000 and expenditures at ID51,481,000. The expenditure allocations for the Ministries of Defence, Education, Health, Agriculture, and Social Affairs were substantially increased. Allocations for the Ministry of Education amounted to 18.4 per cent of the total, for Local Administration, Justice, and Police 15 per cent, for the Ministry of Health 7.9 per cent, and for the Ministry of Agriculture 4.1 per cent. Revenues included ID21,212,000 from income tax and certain other sources (including the Treasury's share in oil royalties). ID20 million from customs and excise, and ID3,143,000 from agricultural and other taxes. The 1954-55 budget figures were based on the 1953-54 budget, in the absence of a proper budget approved by Parliament. Expenditure in 1954-55 were estimated at ID57 million and revenues at ID48.5 million. The deficit resulted mainly from expenditures of ID2,250,000 on cost of living allowances to Government officials, ID2 million appropriated to compensate farmers who lost their farms during the sprind floods. ID800,000 allocated to the Directorate-General of Supply to purchase wheat, and ID1.1 million appropriated for municipalities to compensate those who lost their property during the floods. Actual expenditures in fiscal year 1953-54 amounted to ID49.2 million and actual revenue was ID47.6 million, leaving a deficit of ID1.6 million. The deficits of the three above-mentioned fiscal years will be covered by a surplus of ID14.0 million carried forward from preceding years.

*

Further Central and for Development of Handloom and Handicrafts: Further grants and loans have been sanctioned by the Government of India for the development of the handloom industry and handicrafts. Andhra gets a grant of Rs. 10 lakhs to be utilized for the continuance of the handloom rebate scheme in the State. West Bengal has been given a loan of Rs. 1,50,000 to be re-loaned to the West Bengal Weavers' Co-operative Marketing Society Ltd., to enable it to market the handloom goods produced by the primary societies. Mysore gets a grant of Rs. 22,000 for opening two inter-State depots, one at Madurai and the other at Kurnool for the marketing of silk handloom products. On the recommendation of the All-India Handicrafts Board, Madras, has been sanctioned a grant of Rs. 1,01,366 and a loan of Rs. 47,000 which will be given to the Kalakshetra at Madras for the establishment of a dye research laboratory and a handloom weaving centre. The Board also got a grant of Rs. 12,100 for the setting up of a pilot centre at Kanjivaram in Madras State for weaving of cotton and silk sarees of traditional designs. This is in supersession of the sanction for an equal amount made in February this year. A sum of Rs. 11,050 has been given as grant to the Board for the setting up of a design centre at Delhi.

MISCELLANEOUS

Kenya's Biggest Housing Scheme for Africans: Work begins in Nairobi early next year on the biggest single African housing scheme ever undertaken in Kenya. The scheme envisages the building of up to 5,000 prefabricated houses for about 25,000 people in three years. This will double present African accommodation, relieving serious housing shortage in the city. In the first 18 months it is hoped to make at least 1,500 houses available, and then to complete the scheme at the rate of 1,800 houses a year. A new prefabrication technique using pumice blocks is expected to cut costs from 25sh. to 15 sh. a square foot. The new houses are guaranteed to last 40 years. Total cost is estimated at £2,366,250 of which £1,256,250 is the cost of the houses, £375,000 is for estate services, £495,000 for sewers, roads and water, and £100,000 for social services. The 240-acre scheme will be undertaken by the Kenya Government through contractors, and handed over to the City Council at a guaranteed cost of 15sh. a square foot. Of the cost, £500,000 will be provided from Government Central Housing Board annual allocation to the City Council, while a further £440,000 will come from the Central Housing Board and the remainder from City Council capital funds raised by loans on the London market. The City Council's London loans will be supplemented by Government grants from £1,750,000 voted by the Legislative Council for Kenya's 3½-year development plan.

*

Commonwealth's Increased Oil-Refining Capacity: Total refining capacity for the area as a whole last year was 77,000,000 tons—12,000,000 tons more than in 1953. By for, the most important individual countries within the Commonwealth oil refining area are the United Kingdom and Canada, each with just over 29,000,000 tons capacity last year. The other new refineries are now constructed in India, Australia, and elsewhere, outside the U.S.A. Western Europe has become the leading area and now has a capacity of 100,000,000 tons if U.K. plant is included.

*

Introduction of Metric System of Weights and Measures: The Standing Committee for the metric system of weights and measures will hold its first meeting here on June 22, 1955. The Committee is expected to have exploratory discussions on ways and means of bringing about a smooth change over to the metric system with the co-operation of State Governments. The framing of suitable legislation for introduction of the metric system and publicity measures will be considered by the Committee. The response from the State Governments has been encouraging. Most of them have nominated the Secretaries incharge of Development Departments or other Departments as liaison officers for work in connection with the introduction of the metric system.

NEWS IN BRIEF

INDIAN

The existing trade agreement between India and Czechoslovakia has been extended up to December 31, 1955, by an exchange of letters between the representatives of the two Governments.

*

Electric trains entirely manufactured by Italian industries will soon be on the track in the Bombay Railway System. Messrs. Breda and Finmeceanica jointly have just secured an order from the Indian Railway Board for the supply of twelve electric multiple unit trains of the integral structural design with electric traction equipment by Messrs. Ansaldo San Giorgio.

*

India has made a gift of 5,000 tons of rice to Cambodia, to help that country tide over the rice deficit.

*

With a view to providing expeditious mail services in rural areas, as many as 1,754 runners lines, totalling 14,519 miles were replaced by motor services during the last five years.

*

The production of steel in India in 1954, amounted to 1,226,000 tons, an all-time record. During the same year 3,87,401 tons of steel were imported.

*

During the 10 months ending January 1955, 988 companies limited by shares, with a total authorised capital of Rs. 192.12 crores were registered as against 984 companies with a total authorised capital of Rs. 39.74 crores in the corresponding period of 1953-54.

*

The Government of India have, with immediate effect banned the import into India of horror publications. Commonly known as horror comics, these publications portray the commission of offences, acts of violence or cruelty, incidents of a repulsive or horrible nature or glorifying vice in such a way as would tend to corrupt the youth in general.

*

The Government of India has decided to place next year Rs. 20 crores at the disposal of the State Governments for the development of highways. This is twice the sum provided last year.

*

The Madhya Bharat Government has announced certain concessions in sales tax with effect from May 28, with a view to reducing the burden of tax on persons having low income, reducing the import of tax on goods on which income tax is paid and removing sales tax difficulties of retailers of general goods.

*

A provision of Rs. 93 crores is proposed to be made in the second Five-Year Plan for road development in the country. Of this amount Rs. 60 crores would be for the development of national high ways and Rs. 32 crores for inter-State roads or roads of economic importance.

*

Cement production in Andhra will be increased over three-fold if all the factories for which licences had been granted went into production. The production of cement in the State was expected to mount up to 7.9 lakh tons per annum by 1955, about four times the present production. !

*

The Government of India have sanctioned the establishment of four regional institutes for small industries inorder to provide an "extension service" to small industries and assist them to improve their techniques of production, business management and marketing.

FOREIGN

New services and developments have been announced by Pakistan International Airways. These are the replacement of Dakotas by faster convair aircraft on the Karachi-Delhi route, increase in Convair services between Karachi and Bombay, introducing of three new coach services through Multan and the inauguration of a super constellation service from Karachi to Dacca via Lahore.

*

It is reported, farm mechanization in Italy recorded further progress during 1954. The total number of tractors in operation has increased from 119,000 units in 1953, to nearly 145,000 at the end of 1954. This means that in the more intensively cultivated area there is one tractor for every 20 acres of land.

*

Messrs. Bayerische Motorcuwerke A.G., of Munich, the well-known German manufacturers of the B.M.W. motor cycles, have turned out from their assembly lines the first models of the "Isetta", baby car, which has been constructed on an Italian licence. The "Isetta" is Europe's smallest baby two-seator, powered with a 250 c.c. engine.

*

In the first four months of 1955 the Yugoslav industry yielded 26 per cent more products than in the corresponding period last year. The monthly index numbers for April rose to 129 points (1953 average 100), one point lower than in the previous month but at the same time 16 points higher than in April last year.

*

World production of oil and natural gasoline rose during 1954 by some 28 million tons to about 700 million tons. North America's share at 48.6 per cent of world output, fell by 4 million tons. Middle East production increased by 15 million tons, Latin America by 9 million tons, Eastern European and Russian by 7 million tons.

*

Steel producers and consumers in West Germany have reached an agreement for increasing the price of steel by an average of 2.3 per cent.

*

The Australian Governments Commonwealth Shipping is now the largest shipowner on the Australian coast with a fleet of 41 ships and another 19 on order, of which 18 will be in Australia.

*

The discount rates of South African Treasury bills have been raised with effect from June 1. The new discount rates are 3 months: 2½ per cent and six months: 2⅞ per cent. These compare with the previous rates of 2-7/16 per cent and 2½ per cent respectively.

*

The establishment of a radio-telephone service to U.S.S.R. brings the total number of countries with which India has direct links to 14. Other countries with similar links are U.K., Japan, China, Switzerland, Indonesia, Egypt, Burma, Iran, East Africa, Malaya, Hong Kong, Aden and Bahrein.

*

Denmark has become the 27th nation to ratify an International Labour Organization Convention designed to simplify the procedure for inspecting emigrants on boardship.

The Government of Pakistan has sanctioned the establishment of a wing of the Central Fisheries Department, in East Pakistan for promoting development of the fishing industry.

*

The United States has contributed a further $8,600,000 towards the United Nations Programme to help rebuild the Republic of Korea's economy.



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Special Articles

BANKING ACTIVITY IN 1954

DEVELOPMENTS in the field of banking in 1954 high-light the fact that the rapidly increasing volume of activity was reflected in the growth in the resources of banks. The growth in total deposits after a brief phase of post-partition decline, has been steady. During 1954 there was a record rise in time and demand liabilities of banks which is partially explained by the larger outlays in the public sector on the development schemes of the Five-Year Plan which had begun to be reflected in the banking system. The rise in industrial production, which is mainly attributable to the private sector, was an important contributory factor. To this must be added the consequent higher level of business activity. The expansion of agricultural production and dismantling of food controls gave an added impetus to this major trend in banking. Correspondingly, bank credit achieved a higher level and it is noteworthy that the contraction in the slack season was small in relation to the expansion in the busy season, in spite of a decline in wholesale prices.

One important indicator of the high tempo of banking activity last year is to be found in the striking increase in the velocity of circulation of deposit money, which is an index of the speed in business turnover. Table A below shows that the size of the average demand liabilities of scheduled banks did not record any substantial increase in 1954 over 1953. Average demand liabilities which stood last year at Rs. 545.5 crores could not, in fact, reach the level of 1952 and they were below the Korean peak of 1951 by a margin of Rs. 59 crores. But cheque clearances in 1954 reached a volume which pushed up the cheque-clearance-demand deposit ratio to 13. Velocity last year recovered to the record level of 1951.

TABLE A.

Velocity of Circulation of Deposit Money

(In crores of rupees)

Year	Average demand liabilities of scheduled banks	Total cheque clearance	Ratio of 2 to 1
1949 ..	609.8	6,325.4	10.4
1950 ..	595.2	6,278.2	10.5
1951 ..	604.5	7,878.0	13.0
1952 ..	556.7	6,853.4	12.3
1953 ..	528.5	6,603.3	12.5
1954 ..	545.5	7,064.3	13.0

Table B at the end of this article brings out the impressive increase in the volume of deposits of scheduled banks and shows that at the year-end total deposits had attained a new peak of Rs. 922.9 crores in 1954. This marked an increase of Rs. 91 crores above the preceding year out of which Rs. 56 crores represented the increase in demand deposits and Rs. 35 crores related to the increase in time deposits. Indian scheduled banks claimed the bulk of the aggregate increase, the rise in their case being of the order of Rs. 80 crores. A note of caution must, however, be entered that this increase in their deposits, conceived in absolute terms, would be misleading as it conceals an unhealthy development in the structure of their liabilities. The ratio of the increase in their time deposits to the increase in total deposits was lower than in 1953 and 1952. The aggregate increase underlines the weight of the relative share of demand deposits in the total increase. It is now common knowledge that there is a scramble for bank deposits which has directly encouraged a rate war for demand deposits. Interest payments on deposits, it is significant, constitute an important ingredient of rising expenses of banks.

Closely related to the greatly expanding position of the deposits of scheduled banks is the apparent paradox of their increasing reliance on advances from the Reserve Bank to augment their aggregate loanable resources. In 1954 the advances obtained by scheduled banks from the Reserve Bank under the Bill Market Scheme as well as for general purpose requirements stood at the post-war peak of Rs. 336.22 crores which mark a substantial increase over the previous three years—Rs. 195.42 crores in 1953, Rs. 245.70 crores in 1952 and Rs. 76.57 crores in 1951. The major explanation of this paradox is clear. The increasing pressure for funds to meet the outlay on government jobs and contracts is responsible for higher demand for accommodation from the clientele of banks and this pressure puts a strain on bank resources which are required to be augmented. The remedy to relieve that strain lies in reviving the war-time practice of advance payments for orders on the private sector for the execution of government contracts whose volume must perforce increase in succeeding years with progressive execution of projects in the Development Plan.

The spurt which the demand for bank credits received from the rising tempo of economic activity in 1954 should be obvious from the figures of total advances disclosed in Table B. The peak in bank advances recorded in 1951 was very nearly reached in 1954 with a fractional difference of Rs. 4 crores at Rs. 511.7 crores. Of this total, Indian scheduled banks claimed a share of over 66 per cent and exchange banks of 25 per cent, the balance being accounted for by the non-scheduled sector. The pattern of the distribution of advances did not show any variation from the normal model and broadly it may be said that while commerce claimed 50 per cent of total advances, industry came in for the second share of 33 per cent. The advance-deposits ratio which stood in 1954 at 55.4 per cent did not constitute any mentionable departure from the ratio in the two previous years. This ratio is at an indisputably high level.

The investment portfolio of scheduled banks shows that investments in government securities rose appreciably above the previous year—an increase of Rs. 12 crores to Rs. 347 crores. The pace of this increase since 1952 cannot be missed. The 1954 level was lower than the level in 1950 by a margin of Rs. 10 crores. Last year's increase was almost wholly accounted for by Indian scheduled banks and it needs to be stressed

that subscriptions to the National Plan Loan were a vital feature of this type of investment. The ratio of the investments of Indian scheduled banks to deposits was fairly steady at 40.2 per cent. Despite fractional improvement in relation to 1953, the average cash ratio of scheduled banks does not disclose variation if compared to the previous period and the tendency to operate on a lower cash ratio persisted.

TABLE B.

SELECTED OPERATIONS OF SCHEDULED BANKS

(In crores of rupees)

As on last Friday	Total deposits	Bill purchased and discounted	Loans, Advances, etc.	2 plus 3	Ratio of 4 to 1	Investment in Government Securities
	1	2	3	4	5	6
1950	846.5	..	..	416.1	49.2	357.0
1951	828.8	37.9	477.8	515.7	62.2	305.9
1952	823.5	31.6	422.8	454.4	55.2	323.3
1953	831.8	49.8	401.7	451.5	54.3	334.8
1954	922.9	54.0	457.7	511.7	55.4	347.0

COMPENSATION—FINAL SCHEME

THE final scheme of compensation to displaced persons from West Pakistan for immoveable property left there should help to bring a sense of relief to them from uncertainty as regards their future. In July 1949 there came the categorical assurance from the Government of India that compensation would be paid for property with which displaced persons were forced to part, the initial phase of intense insecurity came to an end. But uncertainty persisted to cloud their future outlook for the simple reason that the concrete form in which compensation was to be awarded was left indeterminate.

For at least four years after the announcement of July 1949, the assurance of compensation appeared to be nothing more than a vague promise. The deadlock between Pakistan and India over the issue of evacuee property need not be discussed here. The feeling of vagueness, however, could be dispelled only in May 1953 with Government's acceptance of a positive scheme for the creation of a compensation pool. Subsequent developments were happily quicker. The Displaced Persons (Compensation and Rehabilitation) Act was placed on the statute book in October 1954 and in pursuance of this Act, draft rules have now been framed to give a precise and clearly defined form to the final scheme for compensation. Displaced persons now know in clear terms how they stand in respect of their claim to compensation.

It is the reaction of persons directly affected by the scheme which finally counts and it is gratifying to note that reaction has been one of general approval. By any test the most outstanding virtue of this scheme is that it gives relief where it is needed most and that also in a substantial measure. The gradations in the compensation scale aim at giving the largest share, permissible within the limits of the compensation pool, to small claimants and persons with a verified value of claims up to Rs. 2,000 are awarded compensation at the rate of 66.6 per cent. Thereafter, the quantum of compensation tapers off until it reaches the rate of 33.3 per cent for claims of Rs. 20,000 and ends with 11.11 per cent for claims of Rs. 18 lakhs. The ceiling of Rs. 2 lakhs becomes operative for all higher claims.

The Rehabilitation Minister may well take credit for doing social justice which he has claimed. This principle has been applied at all levels. Special concessions have been extended to shares in joint Hindu family claims, to persons who could not for special reasons submit their claims within the statutory time limit and to those settled in rural areas whose demand for houses could not be met before. Quasi-permanent occupants of agricultural land will not only find their title converted into one of full ownership but also the value of their claims raised by Rs. 100 per standard acre for the first fifty acres. Claimants to urban property of higher values, who once faced the prospect of having to rest content with a nominal compensation of Rs. 50,000, have reason to be thankful that the ceiling has been enhanced four-fold.

It is possible to wish for more even in this scheme which aims at going the farthest practicable limit of compensation. We may ask whether the limitations arising out of the value of the compensation pool cannot be relaxed and a modest addition made to Government's contribution to the pool to accommodate claimants at the lowest level up to Rs. 2,000 by payment in full. They now enjoy the highest priority in payment, but it is arguable that they ought not to be kept on the waiting list for payment of the residue on the off-chance that a settlement may be negotiated with Pakistan at some time in the future. Liberalisation of compensation in the lowest groups on this basis may necessitate a measure of upward revision of scales in the claims immediately above. Apart from the increased liability on the exchequer, the main difficulty will be that it will prevent the finality which Government seeks to achieve, with the resources at its disposal.

There are, however, some serious flaws in the scheme as evolved in the draft rules. The special treatment accorded to shares in the claim of a joint Hindu family stipulates that when the number of sharers in the compensation amount extends up to three, the amount will be divisible into two equal shares, carrying all the benefits of the lower compensation awards, and in case the number extends to four or more the amount will be split up into three equal shares. This concession, it needs to be underlined, is bound to govern an overwhelming number of cases. But it totally overlooks the administrative difficulties in the payment of compensation awards and it would certainly complicate the process of distribution of funds in a majority of this class of claims.

The time element is of great significance in the execution of the scheme and it is of the utmost importance that undue delay should be avoided in making actual payments of compensation. It is obvious from the scheme that at least four, if not more, years must elapse before compensation can be placed in the hands of those who have been anxiously, and in several cases distressfully, waiting for it for the last six years. There appears to be considerable misunderstanding about the mode of payment and the time it will involve. Contrary to the prevailing notion, payment in a vast majority of cases is to be in cash and not in the form of property.

The compensation pool is constituted by evacuee houses valued at Rs. 100 crores and Government houses built for displaced persons estimated at a value of about Rs. 57 crores and rehabilitation loans of the order of Rs. 28 crores—the last to be set off against the compensation amount. It is a special characteristic of this pool that most of the evacuee houses and over 60 per cent of the government houses are in actual possession of non-claimant displaced persons. The Rehabilitation Minister has entered into a firm commitment not to disturb their possession and in addition to confer full-fledged ownership on them on payment of the value of the houses in four equated annual instalments. Not until these four years elapse that the major part of the pool can materialise in liquid cash form for distribution. The procedure for dealing with defaults of payment of instalments by the present occupants introduces another element of complexity in the pool. It is certainly inequitable to tie the right of claimants to an arrangement which must in the ordinary course be expected to come up against obstructions. Could it not be advisable to set up an interim cash fund for prompt payment of part of compensation for which Government could reimburse itself out of the sale-proceeds of the property occupied by non-claimants?

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Economic Report from the U. S.

BRIGHTER ECONOMIC CLIMATE

WASHINGTON, June 14.—Washington's confidence in the economic outlook of the United States is being bolstered these days by reports of economic progress throughout the free world. Noteworthy among the optimistic views expressed here are those of the economists of the International Bank for Reconstruction and Development (IBRD). These United Nations experts, traditionally conservative in their judgments, believe that the free nations are enjoying their most promising economic period since World War II, with industrial production up by 65 per cent and exports up by 46 per cent. Although, all the countries have not progressed equally, yet the bank's experts find that every part of the world is sharing in the economic advance. They see a revitalized Europe returning to its historic position as an exporter of capital; Latin America moving ahead at its fastest pace; Asia making impressive use of production and financial policies to meet the needs of its population-swollen lands. They also see industrial and agricultural diversification providing a stronger economic base for countries traditionally dependent on one or two dominating products.

One of the most encouraging aspects of the current advance is the stability of commodity prices. Most prices have stabilized at levels at least equal to, and in many cases well above, pre-Korean rates. Thus, commodity markets have become both a steadying and supporting influence, as the violent fluctuations that led to economic crisis on past occassions have been noticeably absent. As a result of this new economic climate, private capital has begun to participate increasingly in the World Bank's Development Loans, which bank officials have been encouraging. So far, the IBRD has sold $142 million of its loans to private banks and other investors in the United States—$95 million in the past year alone.

This private participation has taken place without resort to the loan guarantees usually extended by the world bank. According to IBRD, President Eugene Black, this new bank policy is based on the assumption that borrowers are growing strong enough to stand on their own feet, creditwise and believes that private investors outside the United States will participate in future loans, and that more loans will be made in non-dollar currencies.

Looking ahead to continuing economic progress among the free nations, bank officials anticipate even greater demand for IBRD loans in the future. More than 120 loans, totalling nearly $2,300 million, have been made already for building up power and transportation systems. In this year ending June 30, marking the first decade of the bank's operations, its loans will total a record of $400 million. Moreover, its funds are beginning to flow back in record volume. This includes not only regular payments on loans made several years ago, but prepayments from borrowers that have been able to improve their financial standing.

Other reports from around the world tend to confirm the bank's optimistic appraisal. Dollar bond issues by foreign governments, for instance, have registered substantial gains this year. Their average price has reached the highest point since 1931. The confidence returning to the world economic scene also has had its effects on American investments in foreign securities, apart from any participation in world bank lending activities. American groups already are stepping up their investments in British and Dutch stocks, for instance. And recent relaxation by the West German Government of its restrictions on the export of stock certificates is expected to supply another boost for this type of investment. Meanwhile, the Ministerial Council of the Organization for European Economic Co-operation, meeting in Paris last week, saw good prospects ahead for the return to broad-scale currency convertibility. It set up a working group to prepare for the time when currencies would become more freely interchangeable. This action followed hard on the heels of a report by the UN's Economic Commission for Europe that the economic upswing in Western Europe has continued unabated in the early part of 1955.

These abundant signs of economic confidence and health make more than understandable the view of IBRD economists that the dangerous period or post-war readjustment has passed. The task ahead will be one of continuing the economic progress already set in motion.

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The Business World

DURGAPUR COKE-OVEN PROJECT

FOR SOME time past, the West Bengal Government had been considering a project for establishing coke-oven and by-product plants at Durgapur and utilising the surplus gas either for firing a 60,000 k.W. power plant to be erected near Durgapur or for industrial and domestic purposes in Calcutta or in the vicinity of Durgapur. In view of the heavy investment involved as well as the desirability of ensuring planned expansion of production of coke in India and planned development of electric power, the Planning Commission, to whom the West Bengal scheme was referred, considered that an enquiry by an expert body was necessary before a decision could be taken on the project. Accordingly, the Planning Commission appointed the Coke-Oven Projects Enquiry Committee by a resolution issued on November 27, 1954. The Chairman of the Committee was Mr. Darab C. Driver, President, Coal Consumers' Association of India.

The Committee submitted an interim report to the Planning Commission in March 1955 and the final report on May 7, 1955. The report envisages the setting up of a coke-oven plant capable of handling daily 1,300 tons of coal and coke breeze (1,235 tons of coal and 65 tons of coke breeze) at Durgapur, about 140 miles from Calcutta, auxiliary plants for the recovery of by-products from coke-oven gas (ammonia, sulphuric acid, coal-tar, crude benzol and its rectified products), and a coal-tar distillation plant with a daily input of 50 tons of coal-tar.

The Government of India has approved generally the proposal to set up the coke-oven plant. It is estimated to cost about Rs. 5.5 crores. The West Bengal Government is, however, being asked to send to the Government of India details regarding the financial structure of the proposed project.

COMMITTEE'S RECOMENDATIONS

Some of the Committee's main conclusions and recommendations are worthy of note. The domestic demand for hard coke in 1953, according to the Committee, is estimated at 462,478 tons. The estimated demand for hard coke by 1960, exclusive of the requirements of the steel works and their subsidiaries and the Sindri. Fertilizer factory, would be about 875,000 tons of which 831,000 tons would be for sized coke. The increase in requirements is expected to arise mainly from foundries, Mysore Iron and Steel Works and soda ash, sugar, calcium carbide and ferro-manganese industries.

Of the total demand by 1960, about 100,000 to 110,000 tons of hard sized coke would have to be of a grade required in ferro manganese and ferro alloys production, that is, with phosphorus not exceeding 0.05 per cent and ash below 20 per cent. A very special grade of another 15,000 to 20,000 tons of coke with phosphorus not exceeding 0.03 per cent and ash below 12 per cent would be needed for the production of calcium carbide, sodium sulphide and special castings.

The Committee were not able to discuss any location other than Durgapur. An examination of the several aspects relating to Durgapur reveals that facilities of quick transport towards Calcutta side from a four-track railway system soon to be electrified, cheaper railway freight for coke compared to freight from Jharia etc., future availability of water transport through Durgapur canal towards Calcutta and places in between, cheap land, water supplies and a developed colony, obtain at Durgapur which is also favourably situated in respect of availability of coal and power and the market of greater Calcutta. The Committee are, therefore, of opinion that taking the deficit into account, the Durgapur site is suitable for the location of the plant proposed by the West Bengal Government with a capacity of 292,950 tons of sized coke over 1" per annum.

ECONOMICS OF THE SCHEME

The sections of the Durgapur schemes, whose economics have been worked out by the Committee comprise the following (a) Coke oven plant capable of handling 1,300 tons of coal and coke breeze per day (1,235 tons of coal and 65 tons of coke breeze); (b) Auxiliary plants for the recovery of by-products from coke oven gas (ammonia, sulphuric acid, coal tar, crude benzol and its rectified products); (c) Coal-tar distillation plant with a daily input of 50 tons of coal-tar.

The fixed capital investment on the sections covered in the economic appraisal is estimated at Rs. 525 lakhs. The requirements of working capital have been estimated at 35 lakhs.

In calculating the credits, the Committee are of opinion that counting the potentialities for industrial development in Bengal-Bihar area, there would be a market for 500,000 gallons of benzone and corresponding quantities of other by-products of benzol rectification. The balance of crude benzol would have to be processed and sold as motor benzol. The surplus coke oven gas amounting to 8.18 million c.ft. of 450-460 BTU per c.ft. per day will be utilised is the beginning for firing the boilers of the thermal power plant of 30,000 KW. capacity. The total credits from the sale of different products are estimated at Rs. 193.61 lakhs as against manufacturing charges and provisions for depreciation and interest on working capital totalling Rs. 157.9 lakhs.

Having regard to certain industrial demands in prospect near Durgapur, which have been intimated to the Committee by the West Bengal Government, it is not clear at this stage whether there would be enough gas for being transported to Chittaranjan area or to Calcutta. The State Government, who have sponsored the Durgapur project, would naturally be the authority to decide on the form of organization and management for the project. According to the Committee, the operation of the project should be based on strict commercial principles.

The final report was signed, subject to an explanatory note attached by Mr. S. V. Aiyer of the Union Finance Ministry and a member of Committee. The major points made by Mr. Aiyer are: (a) The capital investment, as assessed by him at about Rs. 6 crores, is not at all on the high side; (b) In the assessment of the economics, the plant has been assumed to work at full efficiency for 350 days per annum; not more than 85 per cent. of the annual capacity at 100 per cent efficiency should be allowed in the calculation of credits over a long period. (c) A recovery of 3.7 gallons of crude benzol per ton of coal carbonized has been assumed in working out the economics of the project; (d) It has been anticipated in the Report that wash oil will be used in new projects expected to be implemented during the second Five-Year Plan; (e) Taking an optimistic view, the working of the plant may result in a small surplus of up to 3 per cent on the capital invested.

For commercial information about Argentina please see our issue No. 22 of June 3, 1955.



BUSINESS NOTES

FINANCES OF AIRLINES CORPORATION

THE RESULTS of the financial working of the Indian Airlines Corporation for the full financial year ended March 1955 reveal marginal improvement over the working in the preceding eight-month period since nationalisation. To put it in broad terms, as against the loss of Rs. 80 lakhs during August 1953—March 1954 (which works at an annual rate of Rs. 120 lakhs), the loss sustained in the last financial year, April 1954 to March 1955, has been reduced to Rs. 115 lakhs. For a variety of reasons, the operations of domestic airlines in this country in recent years, whether after or before nationalisation, have not proved profitable and a net loss had to be sustained from year to year. It is now stated that the combined losses of the private airlines in 1952 were wrongly underestimated at Rs. 12 lakhs and the revised calculation shows their magnitude to be of the order of Rs. 40 lakhs. To this is added the total amount of subsidy of Rs. 35 lakhs, which is obviously not available after nationalisation, pushing the figure of aggregate losses to Rs. 75 lakhs. There is no point in trying to labour over a comparison because a strict basis for it does not exist.

The major factors of difference in the cost structure may be given due allowance. Regular annual increments on the basis of graded and time scales of pay are stated to have brought a recurring liability of Rs. 10 lakhs a year. Past arrears of increments (for which set-off is claimed by the Corporation against the amount of compensation) and levelling up of certain basic minimum wages have added Rs. 3 lakhs to the wage bill. Rs. 7 lakhs constitute the outlay on technical training facilities. Besides, there are expenses on complete insurance cover, interest payments, adequate maintenance, and so forth.

These facts should make it plain that the Corporation has a difficult job in achieving equilibrium in its finances. Economy of 8 per cent is claimed in working expenses in the last year. This is a modest improvement, but it would be premature to claim that it will be sustained. The Corporation is unable to deal with the problem of superfluity of staff. The commitments which the Government has made before nationalisation require that in order to absorb it fully in productive work more traffic must be created. The proposed extension of feeder routes with 14-seater economical aircraft and carriage of second-class air mails will make modest additions to revenue. On the other hand, obsolescence (this is the correct description of the process involved in replacing a certain proportion of useful Dakotas by up-to-date aircraft) will add to capitalisation and it will be optimistic to expect adequate higher revenues from new aeroplanes. All in all, overall improvement in finances, either by reduction in cost or increase in revenue, seems to be no easy job. The proposed enquiry into rationalisation of rates and fares implies higher charges, but they cannot be pushed too high.

GOVERNMENT ACTION ON SHIPPING

IN HIS presidential speech at yesterday's annual general meeting of the Bharat Line, Mr. C. R. Srinivasan was quite frank and forthright in demanding where Government must act promptly to safeguard the interests of Indian shipping—and why. It is a serious anomaly in the financial working of Indian shipping companies—illustrated in a telling manner by the representative experience of the Bharat Line—that while their earnings have been going up progressively in the last three calendar years, their gross profits are declining also in steep progression. The most vital cause of rising costs which cuts into gross profits is the heavy incidence of labour costs. This is to be directly related to the grave consequences of the introduction of the decasualisation scheme for dock labour. It has definitely demoralised labour by awarding additional wages for no work and encouraged the tendency towards go-slow. The crisis of undue detention of ships at India's principal ports has been the natural outcome of this indulgent reform and Mr. Srinivasan has stressed that in the case of a 8,000 dead weight ton ship of the company the cost of detention has been equivalent to the cost of operation for full six months. To this grave loss must be added the indirect loss of deprivation of more freight which could have been carried in the normal course. The Chairman has minced no words and has uttered a warning that Government must cease pampering dock labour and it must adopt a policy which would ensure that earnings must be related to work with the reasonable offer of incentive bonus on the same basis.

He has appealed for an all-sided approach to the problem of expansion of shipping in the second Five-Year Plan. Expansion implies much more than fixing tonnage targets and creating conditions conducive to their achievement. Most of the future development of Indian shipping will have to be directed towards acquiring increasing shares in the adjacent and distant trades. Free competition in shipping is just a myth. Freedom in the shipping industry has been severely restricted at every point by the multi-conference system which jealously seeks to shut out new maritime countries from the field. While Government support for Indian shipping companies is undoubtedly of value in acquiring the membership of conferences, it is the basic obligation of Government to take positive action on enabling Indian companies to obtain larger shares in the country's import and export trades that are bound to grow in volume under the pressure of development projects. This is flag protection to which every country without exception has resorted. All cry that is raised, or would be raised, in the name of flag discrimination comes under a false interested plea and it deserves to be disregarded.

FINDINGS ON SODEPUR GLASS WORKS

GOVERNMENT'S VERDICT, after a close scrutiny of evidence in the transcation of the Industrial Finance Corporation's loan to the Sodepur Glass Works, does not fully exonerate the Corporation from responsibility for the tangle of developments leading to the crisis in the company's finances. But, by and large, it places the blame on the shoulders of the company itself. The root of the entire trouble is traced to the incompetent assessment of the capital requirements of the company which was originally a gross error committed by it. But the Finance Ministry is quick to emphasise that in view of the stake which the Corporation had in a loan of this magnitude, it ought to have made a correct and scientific appraisal of the company's capital requirements and hence it is that part of the responsibility is fixed on the Corporation.

Barring this apportionment of responsibility, the final findings to which the Finance Ministry has arrived, clearly indicate where the liability in essence rests. The technical, and to a certain extent also the supervisory, organisation and direction of the company was deficient to a degree that made repeated underestimation of the requirements of finance a chronic feature of the transaction and directly led to the failure of the company in its operations. Once the process of confused calculations set the cycle of complications in motion, the Corporation could not help acting from motives of preservation of its own interests. The strict conditions which it imposed on the successive instalments of loan funds are to be interpreted as the essential precautions which a creditor is prone and justified to take in a substantial deal. The delays in disbursements caused by an attitude of caution may have re-

sulted in convenience to the company, but the findings make it clear that the company's failure cannot be attributed to them. The Parliamentary Enquiry Committee's stand on the propriety of the Corporation seeking to recover its funds by sale of the assets of the Company was patently curious and it is difficult to comprehend why it recommended action to circumscribe the Corporation's right to recover its monies in the name of the shareholder. The Government has rightly brushed aside this solicitude based on sentiment. A large question of principle is involved here. A statutory industrial banking organisation like the Corporation has a superior obligation to the country's industry as a continuous supplier of credit and if its resources are to be safeguarded, as they ought to be by legitimate means, it would be unreasonable to hamper its efforts to recover its loaned funds by sale of the assets of the company which is the most appropriate way in this instance.

FACT'S AMMONIUM CHLORIDE PLANT

THE NEW ammonium chloride plant of Fertilizers and Chemicals, Travancore, Limited, which was formally opened at Alwaye on June 4 last, constitutes a landmark in the history of the rapid progress of FACT in a span of only about six years. The caustic soda plant erected near the original plant of FACT has made appreciable quantities of chloride available and it was on the strength of this availability in sufficient quantities that the sister project of the chloride plant was undertaken. India's requirements of ammonium chloride are currently met wholly by imports and it is assuredly a significant achievement of FACT that its new plant will not only meet them in full but will also cope with any possible increase in that demand in the coming years. Its capacity is 25 tons per day or on annual basis 8,000 tons. In view of its capacity to provide 26 per cent of nitrogen, ammonium chloride will command a fair demand as a chemical fertilizer. But its utility in other fields transceeds the fertilizer sphere. It is a most vital chemical used for dry battery manufacture and its value to the galvanizing industries is likewise great. This new plant constructed at a capital cost of Rs. 10 lakhs is an enterprise of substance not only to Travancore-Cochin State but to the entire country.

FACT's onward march is not always fully appreciated as a national asset as it should be. A comparison with the Sindri giant often leads to lopsided emphasis on the cost differential. In the present phase of comfortable sufficiency of food, it is easy to make leisurely comparisons, but the differentials in resources and the handicaps which FACT had to face are rarely taken into account. It is remarkable how the gross inadequacy of coal or coke supplies has been tided over by this unit by a new process enabling the use of firewood for sulphate products. The supplementary role which it has played in relation to the Rare Earth Factory and promises to play in the case of the second DDT plant is not usually recognized in relative assessment. The next bold step in FACT'S expansion, namely, doubling the ammonia capacity to raise sulphate production by 50 per cent and to facilitate the production of phosphate, is not far off.

DIGVIJAY CEMENT

SHRI DIGVIJAY Cement Company typically represents the medium-sized units in the cement industry of this country. It should be clear from the presidential speech of Mr. G. D. Somani at the last annual meeting of the company that even within a brief period of five years it has succeeded in doubling the original capacity and the next immediate step for doubling the expanded capacity is being taken up. The outlay that is required for the expansion programme is increasing progressively and in view of this liability the management has decided to follow a conservative policy on dividend distribution. Mr. Somani pleads that, following the precedent of the increase in the steel retention prices, cement prices too should be increased for the purpose of ploughing back additional profits in reinvestment. This plea is strengthened by the financial policy pursued by units like Digvijay Cement. The vitality and growth of medium factories like this enterprise must be taken as a positive indication of the inherent strength of the cement industry.

The subtle manner in which railway freight rates were enhanced in the last Railway Budget is brought to light by the example of the cement industry. The distribution of cement is controlled and restricted normally within a zone of 300 miles adjoining the factory, which means that the cement industry has to bear the brunt of the higher freight rates imposed on short hauls. It derives little benefit from the tapering scale of rates for longer distances. The way in which this industry and most of the medium industries, whose products involve short distance movements, are hit by the new rate policy should be given earnest consideration when the proposed enquiry committee examines the rating structure of railways. The Chairman's speech, extracts from which appear elsewhere in this issue, gives a telling account of how inadequate railway transport capacity threatens to restrict the programme of expanded production.

TRAVANCORE-COCHIN FINANCIAL CORPORATION

IN IMPORTANT respects the working of the Travancore-Cochin Financial Corporation during the year ended March 31, 1955, shows progress ahead of many other State Financial Corporations. This is clearly borne out by the comparative table of the major financial operations of this Corporation and of six other State Financial Corporations which has been attached to the T.C. Corporation's last annual report. Particular mention should be made in this respect of its high level of gross profits and the low percentage of administrative expenditure to gross profits. Its balance of net profit available for dividend distribution is next only to that of the Saurashtra Corporation. It stands at Rs. 2.02 lakhs as against Rs. 2.25 lakhs in the case of the Saurashtra Corporation. In relative assessment, from the angle of utility of these Corporation as industrial banks it needs to be borne in mind that, whereas the Saurashtra Corporation has invested Rs. 84 lakhs out of the paid-up capital of Re. 1 crore in government securities, the T.C. Corporation has actually advanced Rs. 33.9 lakhs by way of loans. This latter figure has vital significance as showing the high ratio of actual disbursements to total sanctioned amounts of loans. As against total sanctions of Rs. 37.16 lakhs, actual payments at Rs. 33.9 lakhs disclose a peak in the performance of State Corporations. The low ratio of pending applications shows quick disposal of work facilitated by prompt and adequate supply of requisite information by applicants as well as by the useful services of the regional committees formed on the basis of districts.

A major drawback disclosed by the last year's working of the T.C. Corporation is the preponderance of large industrial units claiming the benefit of the loan facilities offered by it. Only three cases represent medium or small loans which implies that small industries are marginally served by it. The Corporation is probably in no way responsible for it, nevertheless this feature shows inability to measure up to one basic and outstanding test which these corporations are expected to satisfy.

COMPANY AFFAIRS

THE TEXMACO

The Texmaco had a year of remarkable performance during the calendar year 1954. Sales were 61 per cent higher at Rs. 141.53 lakhs against Rs. 87.69 lakhs in the previous year. Profits, however, have not risen proportionately, but they were up by 35 per cent at Rs. 9.32 lakhs (after providing for the necessary allocations for taxation and depreciation) against Rs. 6.91 lakhs in the preceding year. An important fact which needs to be emphasized is higher appropriation for depreciation in 1954 at Rs. 15 lakhs against Rs. 12.5 lakhs in 1953. There was a substantial improvement in earnings from certain bulk orders from some of the foremost textile mills in India, which reflects a note of confidence in the quality of products supplied by the Company. The work done at the Sindri Coke Oven by-products plant was commended by the authorities and the Railway Board has placed orders for wagons and boilers.

The shareholder gets his due in the increased financial prosperity and due to a liberal policy of allocations a higher dividend was declared. Dividend on ordinary shares has been raised from 7½ per cent last year to 10 per cent during the year under report (Re. 1 per share of Rs. 10).

The Directors report that the Steel Foundry equipment ordered from Germany has arrived and the work of erection is in progress.

The Managing Agents (M/s. Birla Brothers Ltd.) have foregone 50 per cent of their Commission on profits due to them for this year.

	(Rupees in Lakhs)		
Year ended December 31.	**1952**	**1953**	**1954**
Sales	103.09	87.69	141.53
Stock	16.76	22.65	18.13
Manufacturing expenses	46.49	55.13	91.20
Provision for Depreciation	12.00	12.50	15.00
Profits*	3.39	6.91	9.32
Ordinary Dividend (rate per cent)	5	7½	10
Carried forward	0.15	0.36	1.48

* After providing for depreciation and taxation.

SHAW WALLACE

The working results of Messrs. Shaw Wallace and Company Ltd., a Managing Agency, have shown a definite improvement over the previous year. The profits (inclusive of the subsidiary companies—Shawlace Nominees Ltd. and other eight companies) have gone up by 78 per cent from Rs. 22.03 lakhs to Rs. 39.23 lakhs during the year under report.

Trading conditions improved and considerable benefits were made by the prosperity of the Tea Industry. In the earlier part of the year the Company acted as Agents for the West Bengal Government for the procurement of rice and paddy. The Directors are, however, not hopeful of 1955 being as prosperous a year as 1954 was.

Provision for taxation is far more than a year before being Rs. 20.18 lakhs against Rs. 7.60 lakhs during the previous year. The amount separated out for General Reserve Account has been doubled at Rs. 4 lakhs during the present year as compared to last year.

A dividend of 12½ per cent on ordinary shares has been decided to be paid against 10 per cent during the previous year.

	(In Lakhs of Rupees)	
Year ended December 31.	**1953**	**1954**
Profit*	22.03	39.23
Provision for taxation	7.60	20.18
General Reserve Account	2.00	4.00
Investment Reserve Account	1.50	2.50
Ordinary Dividend (rate per cent)	10	12½
Carried Forward	3.68	3.64

* Before providing for taxation.

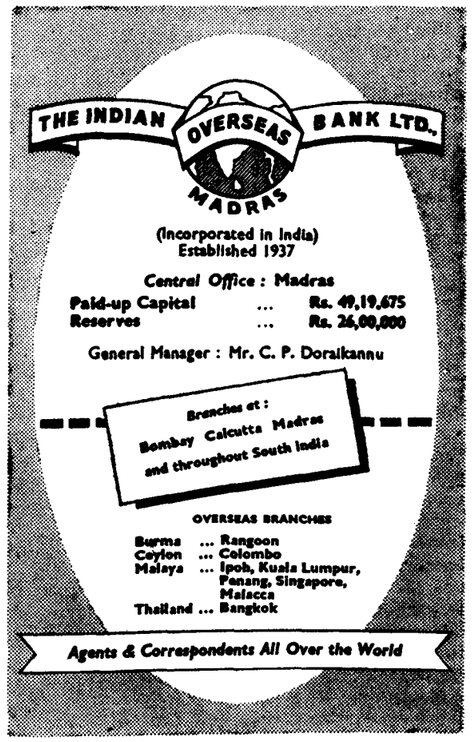
REWA COALFIELDS

The output and despatches of steam and other grades of coal for the half-year ended December 31, 1954, have slightly declined as compared to the previous half-year, as indicated in the table below. Wagons were in short supply, as a consequences of which Burhar and Umaria colliries operated on a restricted production. The stocks also accumulated at the colliries and stood at Rs. 1.47 lakhs against Rs. 0.77 lakhs at the end of the previous half-year.

The sales of the Company declined by Rs. 1 lakh from Rs. 23.10 lakhs to Rs. 22.10 lakhs during the half-year under report. The profits of the Company too fell by about 30 per cent at Rs. 1.27 lakhs against Rs. 1.79 lakhs during the previous half-year. In line with profits, the Dividend rate has also been reduced from 15 per cent to 12½ per cent during the half-year ended December 31, 1954. A sum of Rs. 45 thousands has been provided for taxation while Rs. 65 thousand were provided during the previous half-year.

	Dec.	**June**	**Dec.**
Half-year ended	**1953**	**1954**	**1954**
	(Rupees in Lakhs)		
Sales	22.68	23.10	22.10
Stocks	0.68	0.77	1.47
Salaries and wages	10.39	11.73	12.36
Raisings ('000 tons)	159	161	158
Despatches ('000 tons)	157	160	152
Profit*	3.29	1.79	1.27
Provision for Taxation	1.43	0.65	0.45
Development Reserve	0.50	0.50	..
Dividend (rate per cent per annum)	20	15	12½

*After providing for depreciation and not taxation.



COMMODITY NEWS AND NOTES

DEVELOPMENT OF LAC INDUSTRY

Paints, plastics, bangles, dye stuffs and electrical eqiupment are some of the more important goods for which lac is used as a raw material. The Union Agriculture Minister recently expressed his hope that the commodity can be put to still wider use. It is an important export product and hardly 8 per cent of shellac is consumed here, the U.K. and the United States being the principal importers. Competition from synthetics is facing the industry, thus there being a greater need for raising quality along with quantity. At the Indian Lac Institute at Namium study of lac insects and its favourite trees along with skilled methods of collection is being carried out. This specialised knowledge is imparted to the producers along with grants and warehousing facilities.

Recently at a Lac Conference at Simla, decisions were taken regarding the establishment of 50 new brood farms—20 in Bihar, 10 in Madhya Pradesh and remaining in other lac producing States. Imparting of technical knowledge, organisation of lac extension services, setting up of warehouses and a few air-conditioned godowns for storage of lac and of organisation of co-operative societies of lac growers were recommended.

The estimates of lac production during the last three years—1953, 1954 and 1955 are 4.27 lakh maunds, 6.00 lakh maunds and 7.94 lakh maunds, the last being the latest estimate. The average yield for 10 years preceding 1955 is 7.10 lakh maunds. It is disclosed that the production of lac is likely to be about 12 lakh maunds at the end of the first Plan period and at the end of the second Plan it would reach 17 lakh maunds.

COAL OUTPUT TARGET FOR SECOND PLAN

About sixty million tons of coal, both coking and non-coking, have been roughly fixed as the target of production of Indian collieries during the second Five-Year Plan. The present production of both coking and non-coking coal in India is 37 million tons and to reach the target for the second Plan period by 1960-61, Indian collieries will have to increase the capacity by another 23 million tons. There are at present in India a total or about 800 private-owned collieries, producing 34 million tons, and the 11 Government-controlled collieries, producing three million tons of both coking and non-coking coals.

The sub-committee recently appointed by the Planning Board, to assess the requirements of coking coal by all essential consumers has submitted its report to the Commission. The total requirements of coking coal by 1960-61 of all essential consumers come to about 11.31 million tons. To finalise the comprehensive plan for coal and coal industry for the second Five-Year Plan period, the Planning Commission, it is gathered, has called a conference of the representatives of the coal industry on June 27, in New Delhi.

PRICE SUPPORT FOR GRAM

About 64,500 tons of gram, it is anticipated, will be purchased on Government account during the current season following the decision of the Government of India to purchase gram at railhead mandis at Rs. 6 per maund, if prices skid that level. This fact emerged during the Conference of Food Secretaries of State held at New Delhi recently to consider steps to be taken to implement the price support policy for gram. It was decided that the same machinery as at present exists for implementing the price support policy of wheat should be utilised and the same procedure, namely, to purchase wheat at railhead mandis from the cultivators should be followed. Purchases of gram are to start immediately.

CEYLON'S DUTY REDUCTION

Indian producer of tea was placed in a comparatively better position after the reduction of export duty in June from 8 annas to 4 annas per lb. This factor along with the ineffectiveness of the export subsidy scheme of the Government of Ceylon seems to have prompted them to reduce the export duty on tea from one rupee to 50 cents a lb. There were many practical defects in the subsidy scheme by which traders could make a quick rupee without much effort. Subsidy up to 50 cents was to be given by the Government if the price were to go below one rupee and 50 cents. The bids were, sometimes, intended to gain the full 50 cents of the State. The loss at the first sales after the subsidy was announced was Rs. 15 lakhs. The price when declined below one rupee per lb., even the subsidy could not help. The previous reduction in the duty on April 21 from one rupee 30 cents to one rupee per lb. was considered quite inadequate by the tea dealers of Ceylon. A further reduction, therefore, was a natural corolary.

NOTICE

Tenders are invited for the purchase of the undermentioned properties belonging to the Link Industries Ltd., Khaleeli Mansions, Mound Road, Madras-2, in one lot. The said properties are mortgaged in favour of the Industrial Finance Corporation of India and are to be sold by the latter in exercise of the powers conferred on it by the Indenture of Mortgage dated the 27th July, 1949, and by law.

PROPERTIES TO BE SOLD

Factory Premises known as the Link Industries Ltd., situate in Venbakkam Village, on the Grand South Trunk Road, at the outskirts of the Town of Chingleput in Chingleput Sub-District, Chingleput District, about 36 miles from Madras City, consisting of 5 acres and 30 cents of freehold land, the factory and other buildings and structures together with the plant and machinery for the manufacture of zip fasteners and coloured aluminium (anodised) fancy articles, etc., therein.

All the covers containing the tenders should be superscribed 'Tender for the purchase of properties of the Link Industries Ltd.. and sent by Registered Post Acknowledgment Due addressed to the Managing Director, Industrial Finance Corporation of India, so as to reach him on or before 11th July, 1955, and the receipt of the tender will be acknowledged by regular receipts. For particulars of properties, conditions of sale and inspection of properties, please apply to the Corporation.

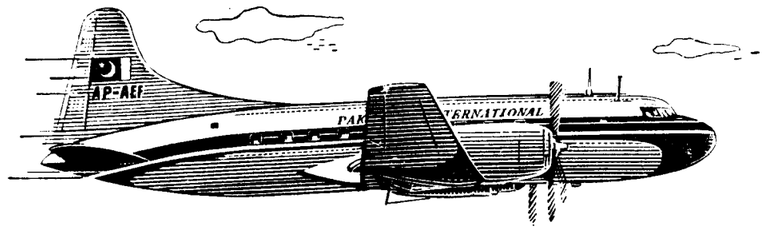
The Corporation is not bound to accept any or the highest tender.

Dated the 11th June, 1955.

H. V. VENKATA SUBBIAH,
Managing Director,

Industrial Finance Corporation of India,
U.S. Hospital Building,
Keeling Road, Post Box No. 363,
NEW DELHI.

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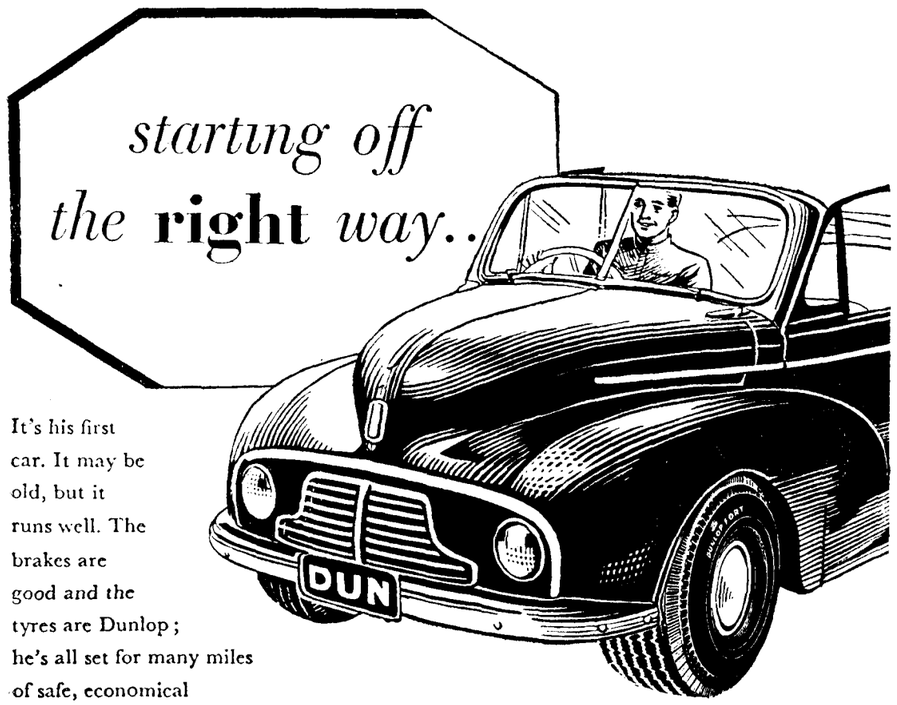
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Company Meeting

THE BHARAT LINE LIMITED

Speech of Sri C. R. Srinivasan, Chairman, at the Ninth Ordinary General Meeting of the Shareholders of the Company held on the 16th June 1955

Gentlemen,

It gives me great pleasure to welcome you to the 9th Ordinary General Meeting of the Company. The Directors' Report and the audited *Balance Sheet* and Profit and 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

A complete list of the ships owned by the Company with their gross registered and dead-weight tonnage has been appended to the Directors' Report for your information. The 14 ships listed amount to a gross registered tonnage of 64,516 tons and a dead-weight tonnage of 98,595 tons. Shareholders are aware of the loss of s. s. "BHARATBALA" in the Gulf of Cambay last year. The ship has not been replaced yet, though the insured value has been collected in due course and credited to the Fleet Replacement Account. You will be glad to hear that the ship, s. s. "BHARATKHAND", has after all been transferred to the Indian Registry. The ship s. s. "BHARATRATNA", built for us at the Vizag Shipyard, was delivered to us in July last. Three ships, s. s. "BHARATBHUSHAN", s. s. "BHARATKESARI", and s. s. "BHARATDEEPAK", were acquired last year to meet, in part, the requirements of the Persian Gulf trade and a fourth ship, a passenger cum cargo one, we expect to acquire if possible, or charter if necessary, to complete our initial requirements for this trade. The second oldest ship in our fleet, s. s. "BHARATMATA", has been sold for scrap value as it had become uneconomical in running and a new ship will replace it in due course. Following the policy initiated last year, insurance cover for our entire fleet has been placed with Indian interests and we are glad to learn that a progressively higher percentage is being retained in Indian hands.

COMPANY'S FINANCE

The investment cost of the ships owned by the Company amounts to Rs. 4,52,69,369-15-0 as you will see from the Balance Sheet. The issued subscribed and paid up capital of the Company being only one crore of rupees, you will naturally be interested to learn how finance for the additional investment has been found. The accounts will show that we have accumulated a sum of Rs. 1,80,06,587 in our Depreciation Fund, besides a sum of Rs. 16,67,690-7-10, to the credit of our Fleet Replacement Account. We have also borrowed from the Government of India a sum of Rs. 1,52,78,333-0-0, under the Ship Loan Scheme. It is from these sources that necessary finance has been found. The question of broadening the capital structure of the Company has engaged our attention from time to time, but in the present condition of the share market, any sober appraisal of large scale equity issues, on merit, is not to be expected and, until the climate is recovered, the wiser course would be to meet our needs from alternative sources. Fortunately, our Government, equally aware of these conditions and at the same time anxious that progress should not be halted on this account, has made loan funds readily available on reasonable terms. Welcome as it is, it can only serve to a limited extent and for a limited period. In its own interests and in the service of national economy the industry must stand on its own legs, Government may perhaps render more help indirectly than even directly, if doubts and misgivings, induced in the private sector by recent developments, are authoritatively set at rest.

COMPANY'S EARNINGS

The Company earned as freight and charter hire Rs. 2,61,80,933-6-5, during the year under report. In 1953 it amounted to Rs. 2,22,27,900-15-4 and in 1952, Rs. 2,12,79,907-7-6. This progressive increase in our earnings is largely due to the increase in our tonnage and the increasing share in the volume of business we handle. Heartening as this fact is, what is depressing to record is a progressive fall in our gross profits. In 1952 these amounted to Rs. 49,59,304-8-11; in 1953 it was Rs. 39,61,844-15-3: in 1954 it has come down to Rs. 35,25,403-8-9. Partly this is accounted for by fall in freight rates; largely, however, it is attributable to rising operation costs; and in this the main contributory is labour.

LABOUR PROBLEMS

In the new economy that Free India is seeking to build up, Labour is assured of its proper share in the fruits of endeavour and enterprise. A spate of labour legislation has been placed on the Statute Book to evidence this sympathy and goodwill and though its administration has often been irritating and vexatious, the desire to better the lot of labour has been widely and willingly accepted. It is unfortunate, however, that some at any rate of those who claim to speak for labour have shown no appreciation of the broader implications of the claims they advance. A short-sighted attempt to hold industry to ransom is not in the interests of either labour or the community as a whole. They forget that in the last analysis it is the community that pays for goods and services, and the assertion of rights without acceptance of obligations will progressively deplete the goodwill of the community. Discerning leaders of labour cannot have missed signs of the revulsion of feeling that is setting in. In the preparation of the second Five-Year Plan, with emphasis on the industrial sector, a new concept is being canvassed, that of creating a national labour force. Presumably, it is not lack of labour that has germinated this idea, but the lack of discipline and responsibility that marks organised industrial labour today. Labour would be wise to see the writing on the wall and fall into step to protect free enterprise. No employer is interested these days in sweated labour, nor in denying labour proper working conditions, fair wages and reasonable amenities of service. But the pseudo leaders of labour are not content to leave well alone; and in the conditions they have brought about today, it is not so much Labour as Capital that calls aloud for protection at the hands of Government.

With your permission I should like to deal a little more fully with the situation as it has developed in the labour sector in so far as it concerns the shipping industry. Apart from labour legislation of a general character, with effects the shipping industry also, the recent introduction of Labour Decasualisation Scheme involving payment without work to dockyard labour not merely imposes a direct burden on the industry but indirectly has exposed it to a vicious train of reactions of infinite consequence to the community. If pay can be had without work, it acts as a provocation to ask for more and more pay for less and less work: the go-slow movement has gathered a new momentum in consequence. The incidence of this new force that has invaded labour ranks may be gathered from the comparative figures for the years 1951 to 1954 for the Port of Bombay that I place before you:

Statistics of Cargo Handled at Bombay

Year	Cargo handled	Gangs employed	No. of days
1951	1,24,296	2,584	374
1952	96,338	2,193	384
1953	82,134	2,619	405
1954	90,519	2,874	442

Proportionately for handling 1,000 tons the statistics would be:

Year	Gangs employed	No. of days	Cost per gang
			Rs. As. Ps.
1951	20.79	3.01	52 0 0
1952	22.76	3.98	57 10 0
1953	31.88	4.93	72 0 0
1954	31.74	4.88	72 0 0

Taking 1951 as the 100 the above figures work out to:

1951	100.00	100.00
1952	109.47	132.22
1953	153.34	163.78
1954	152.67	162.12

It will be seen that whereas for handling 1,000 tons of cargo 20.79 gangs were employed at a cost of Rs. 52 per gang and the work was completed in 3.01 days in 1951, the same work load required 31.74 gangs costing Rs. 72 per gang and the work was completed in 4.88 days in 1954.

And that is only part of the penalty that the shipping industry is called upon to bear in the service of labour interests. The greater loss comes from the needless detention of ships at ports due to slackness of labour. The standing charges of a medium size ship comprehending wages, fuel, maintenance, insurance, etc., average to between 4 and 5 thousand rupees per day, and every day's detention not merely adds to expenses but denies also opportunities for further earnigs. I have had statements prepared to estimate the loss sustained by us on our fleet on this account and you will be amazed to hear that the total detention cost equals in value the full time operation of an 8000 D.W.T. ship for a period of 179 days, or nearly six months. The maintenance cost of the ship for this period would be bewteen 8 and 9 lakhs. This represents the direct loss. The indirect loss is that during this period what might normally have been earned on freight is also lost. Does labour stand to gain anything by imposing this loss on the shipping company? It does not, and that is the tragedy of it!

And that is not all: Dentention of ships at ports leads in turn to congestion, with ships waiting outside for berths. The gravity of the situation as it has developed in the major ports of India may be gathered from the fact that foreign shipping interests had notified shippers that a surcharge of 35 per cent would be levied with effect from 1st June, if conditions did not substantially improve. Naturally, this has provoked a storm of protest from the interests affected and the Government's hands have been forced to meet a threat with a counter-threat. Howsoever the position finally resolves itself, the point I desire to stress in this context is the price that the community may be called upon to pay for pampering a small section of labour, unconscious and unmindful of their own long term interests. It is time that Government realises its larger responsibility to the Country and by legislation or otherwise takes proper and necessary steps to correct the mischief before it places our economy beyond repair. Wages of labour must be related to output of work and labour's interests stand to be better served with an incentive bonus for extra work. With labour costs rising and stevedoring charges keeping pace with them, the outlook before the shipping industry is bleak indeed. I wish Government, anxious as they are, I know, to help the shipping industry, will take serious notice of the position and act quickly.

COMPANY'S PROGRESS

It is to the credit of the Board and even more to the watch and ward kept by the Management that the progress of the Company has been steady and sustained. We have an acknowledged place in the Coastal trade and, as I indicated last year, we have entered the adjacent trade by opening a regular service to the Persian Gulf. A growing volume of business is being attracted to our service and the fact that the Government of India is behind us in this adventure has helped to create the climate for fruitful negotiations with the interests which had established a virtual monopoly of this trade. In all probability we shall reach an understanding with them presently and the element of competition implicit in the situation may resolve itself into one of co-operation, ensuring a firm footing for the Company in this trade. We have already acquired and put into this service three cargo ships, "BHARATBHUSHAN", "BHARATDEEPAK" and "BHARATKESARI", and, if the understanding we seek with the established intrests comes off, it may be possible for us to charter one of their passenger cum cargo ships until we are able to acquire a ship of our own to fill the gap. We would have been happy to have this ship built for us at the Vizag Shipyard, but their existing commitments, we are afraid, would make it impossible for them to build and deliver a ship to our specifications within a reasonable time. Once we consolidate our position in the Persian Gulf trade, it may be possible, perhaps even necessary, for us to explore the possibilities of further adventure in the adjacent trades. Beyond stating that this mater is engaging our serious attention it is not possible at the moment to state in what direction our attention is turning. It is not our intention to expand too rapidly either and find ourselves in queer street amidst the many uncertainties that prevail today. These uncertainties are bound to resolve themselves in time and by way of a pointer I may say that the fall in freight rates has been arrested and a heartening improvement in the position has begun to assert itself.

STATE AID TO SHIPPING

In assessing the prospects of further progress and future expansion it would be just as well to stress that the pivotal point on which the whole thing turns is the extent to which our Government is consciously and continuously prepared to help Indian Shipping. Their interest and concern have been demonstrably established in the past when they proceeded to reserve coastal trade to Indian ships. That passed without raising a ripple from competitive shipping interests because it is now widely recognised that coastal trade is the preserve of the nationals of the Country. Increasing participation of Indian shipping in the adjacent and ocean trades, however, is not so easily achieved as the way is blocked by *multi-conference* arrangements designed to maintain the hold of the 'haves' against the encroachments of the 'have-nots'. The way can only be opened by Government asserting itself to protect the interests of our flag. It can be done in a variety of ways, and the history of shipping development elsewhere provides illuminating examples of how it was done. Whatever is attempted by way of flag protection will no doubt be interpreted by established interests as flag discrimination. The controversy that raged in the Victorian period between Free Trade and Protection may be cited by way of illustration. But it did not prevent any country from establishing its trade interests against competitive interests. The speeches made in the course of the budget debate in both Houses of Parliament provide ample indication of popular expectations on the subject and Government should feel reassured in pursuing a forward and fruitful policy. This is not merely a matter of fixing a tonnage target for the second Five-Year Plan and estimating the funds necessary to finance additional tonnage. The first Five-Year Plan set the target at 6,00,000 tons G.R.T. The second Five-Year Plan takes the target to 10,55,000 tons G.R.T. Indian Shipping interests were also consulted in fixing this target and finding ways and means. Obviously, the additional tonnage is not intended to cover only our coastal needs. Beyond the existing tonnage earmarked for the purpose, coastal trade can only absorb a fraction of the additional tonnage to cover our expanding needs; the greater part is intended progressively to cater to adjacent trades and ocean trades. That is necessary if a balanced economy is to be achieved. The time has arrived, therefore, when Government must bestow serious thought on the ways and means to secure a fair share in these trades and they would be wise to consult informed Indian interests on the subject. In the second Five-Year Plan it is expected that our imports from foreign countries for capital goods, etc., would be of the order of 300 crores per year and, on the scale of industrial development that we contemplate during the second Planning period, a sizable export market will have to be built up. Both way, therefore, we have sufficient bargaining counters in our hands for promoting the interests of our flag in these two trades.

I have indicated earlier some of the steps which Government may straightaway take to reassure shipping interests in the Country and recharge them with enthusiasm. I have laid particular stress on the need to rationalise labour charges. A great deal more remains to be done. As our economy expands under intensive planning, transport may easily develop into a bottleneck. Congestion on road and railway transport must be relieved by diversion of heavy traffic to water transport. The limited facilities now available for shipbuilding in the Country should also expand with our needs and requirements, and ancillary and auxiliary industries should be encouraged to spring up ensure economy and expedition. A well-thought out scheme for the equipment and distribution of talent and personnel to cover the multi-faced needs of shipping should also be hammered out and, to the extent that it can make a contribution for resolving the problem of unemployment, there is additional attraction also, Government have no doubt actively encouraged Indian shipping interests to acquire more tonnage by their Loan and Aid Policy, and they have made funds available at lower rates of interest for the acquisition of ships engaged in the adjacent and ocean trades. I would like an extension of the principle implicit in this to more realistic proportions, I suggest that repayment in instalments may be distributed over a longer period, that the first instalment may commence 5 years from the date of acquisition of the ship, and that no interest be charged for the first five years. 'Pay as you earn' is a well recognised maxim in business build-up and it is generally true that the first 5 years is more a proving period than a profit-earning period. In regard to ships built at the Vizag Shipyard, the price now charged is based on British Yard parity. It is common knowledge that compared with Continental prices, this parity level stands high. A substantial reduction on the price level based on British Yard parity, taken alongside with the 25 per cent development rebate now allowed, should give greater fillip to Indian interests to expand rapidly. I have indicated some of the directions in which Government, concerned as it is to cover by forced marches the neglect of centuries, may actively promote the intrests of national shipping; what I have said is more illustrative than exhaustive and ,as the tempo of planned development rises, it is necessary that closer relations should be established between the concerned interests and the Government, so that whatever action is called for to meet situation as they develop may be immediately forthcoming without the difficulties and delays normally associated with a bureaucratic set-up. I am making this appeal with confidence because there is no denying that Government has set its hand to attempt and achieve great things.

And now let me conclude with a word of praise to the devotion and loyalty of the staff who have given of their best in the service of the Company: 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, 1954, already duly sent to the Shareholders, be and are hereby adopted.

RECORDS & STATISTICS

(QUARTERLY BULLETIN)

Editor: R. V. MURTHY, M.A.

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Company Meeting

SHRI DIGVIJAY CEMENT COMPANY, LTD.

Extracts from the Speech by Shri G. D. Somani, M.P., Chairman, at the Tenth Annual General Meeting of Shree Digvijay Cement Company Ltd., held at its registered Office at Sika (Jamnagar) on 6th June, 1955.

Gentlemen,

I have great pleasure in welcoming you all to the Tenth Annual General Meeting of the Shareholders of the Company and placing before you for adoption the audited Balance Sheet and Profit & Loss Account of the Company for the period ended 31st December, 1954.

The profits for the year under review have been Rs. 23,71,008-2 after making a provision of Rs. 18,00,000 for depreciation. Your Company has still an arrear of approximately Rs. 18,70,000 for depreciation and thus if provision is made to cover this outstanding amount there is a net surplus of only Rs. 5,00,000.

Last year's production of clinker and cement was 2,11,015 tons and 2,36,268 tons respectively, while the dispatches during the period were 2,40,767 tons. I hope the results shown in the face of transport difficulties which the Company had to face will be regarded as fully satisfactory.

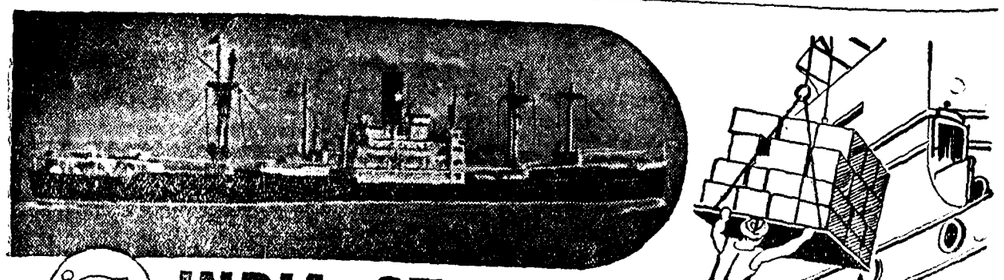
As you must have seen from the Directors' Report, an order for the second extension plant of an additional annual capacity of about 2 lakh tons has been placed during the period. You will please appreciate that within 5 years of the period of starting the factory, it has been possible for your Company to complete its first extension plant to double the original capacity and then embark upon its second extension to double the extended capacity.

This ambitious programme of additional new plant and machinery will involve a huge capital outlay and hence your Directors have been following a conservative policy in distributing dividend so that the Company's liquid resources could be utilized in implementing the vast programme of expansion. This policy of expansion and modernization will place the Company in a much better position in the long run and therefore, I have no doubt this programme will have your full support.

I would like to draw the attention of the Railway Board to the difficulties that your Company still continues to face in the matter of securing adequate railway wagons for the transport of raw materials, coal and cement. I must acknowledge that the position has shown gradual improvement throughout but the fact remains that the railway transport facilities are still far from satisfactory. We accepted some time ago on the initiative of the Railway Board an arrangement to store our coal stocks at Viramgam dump, but even this arrangement has not worked satisfactorily.

Apart from the present tight position of the supply of railway wagons, I am more worried about the future when with the second extension plant expected to go into production some time during the middle of next year, our requirements of railway wagons will be almost doubled. When we have to struggle so hard even for meeting our present requirements, we are naturally apprehensive of the tremendous difficulties that we may have to face when our second extension plant goes into production.

The Industry is capable of achieving an ambitious target as it has already shown by its remarkable progress during the first Five-Year Plan period. I would like to draw the attention of the Government to the imperative need for allowing the industry to plough back adequate resources required for expansion of its productive capacity. The Government have recently allowed the Steel Industry, an increase in prices to build funds for expansion purposes. It is to be hoped that the Government will allow the Cement Industry also to build up adequate resources to enable various units to carry out their expansion and development programmes.



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index)† Year Ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398·6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
August 1954 ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348 8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.1
April ,, c ..	283.6	398.6*	327.8	377.1*	541.2	345.4*	90.5	100.6	87.5	115 0
May ,, c ..	276.1	396.4	329.6	374.6	544.6	342.0	90.7	100.7	97.9	112.9
Week Ending 30-4-1955 ..	274.9	396.2*	328.5	376.0*	537.9	341.5*	90.6	100.6	87.8	114.7
7-5-1955 ..	272.4	395.9	328.2	376.9	540.0	340.7	90.6	100.6	88.0	113.8
14-5-1955 ..	276.5	397.1*	328.3	377.5	542.9	342.8*	90.7	100.7	87.8	113.9
21-5-1955 ..	279.2	399.6	330.6	374.7*	547.0	343.9*	90.7	100 7	87.6	112.4
28-5-1955 ..	276.2	389.6	331.4	373.6	548.8	341.0	90.8	100.7	87.6	112.3

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†
	Bombay			Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpur†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	249	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	370	126	333	141	136	134
February	329	345	207	128	310	384	362	126	326	—	135	—
March	328	340	205	127	310	377	—	—	321	—	—	—
April	328	340	200	—	311	352	—	—	314	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 11-6-1955			4-6-1955			28-5-1955			21-5-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94- 4	92-12	93- 5	94-1	92-4	93- 0	95- 3	92- 7	93-11	93- 8	88- 9	92- 1
Silver (per 100 fine tolas)	164- 0	156- 0	160- 2	162-0	160-4	161- 3	165- 9	160- 2	163- 6	164- 3	161- 1	162- 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	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
	(6,58)	(—)	(5,58)					(90)		(5,58)
1949-50*	1,128,94	24,00	1,152,94	40,02	647,04	687,06	59.59	50,53	415,36	1,152,94
1950-51*	1,163,21	17,19	1,180,40	40,02	624,70	690,36	56.31	57,21	458,47	1,180,40
1951-52*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
November 1954	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	05,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.3	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.1	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
April ,,	1,313,32	18,91	1,331,74	40,02	652,98	692,99	52.03	104,99	533,75	1,331,74
May ,,	1,324,71	15,14	1,339,85	40,02	661,98	702,00	52.39	104,14	533,71	1,339,85
Week Ending										
22-4-1955	1,316,14	25,45	1,341,59	40,02	661,98	702,00	52.33	105,84	533,75	1,341,59
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533,71	1,339,80
13-5-1955	1,331,09	8,52	1339,61	40,02	661,98	702,00	52.40	103,90	533,71	1,331,09
20-5-1955	1,322,41	17,46	1,339,87	40,02	661,98	702,00	52.39	104,16	533,71	1 339,87
27-5-1955	1,316.09	24,03	1,340,12	40,02	661,98	702,00	52.38	104,42	533,71	1,340,12
3-6-1955	1,324,95	14,30	1,139,25	40,02	652,04	692,06	51.68	103,55	543,65	1,339,25

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	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,36	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
November 1954	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	198,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
April ,,	56,47	36,38	47,74	22,05	162,55	32,79	205,34	18,59	11,96	69,30	51	36,73	45,26	22,92
May ,,	52,97	17,90	48,89	22,08	141,84	38,25	190,08	15,28	11,46	51,97	80	40,22	41,51	28,76
Week Ending														
22-4-1955	53,11	30,42	48,31	22,70	154,54	33,46	198,01	25,61	12,71	58,23†	17	35,15	43,63	22,51
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	199,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50,09	23 21	47,24	22,08	142,63	34,01	186,64	10,64	12,02	53,76†	80	40,49	41,48	27,44
13-5-1955	51,93	19,24	47,97	22,34	141,48	36,85	188,32	8,67	11,70	52,07†	80	44,52	41,47	29,09
20-5-1955	55,23	14,99	50,87	22,11	143,20	40,68	193,88	17,60	10,89	5358†	80	40,47	41,28	29,25
27-5-1955	54,63	14,17	49,46	21,77	140,04	41,44	191.48	24,19	11,23	48,46†	80	35,78	41,79	29,24
3-6-1955	52,21	14,75	46,72	21,88	135,56	41,79	187,35	14,41	12,24	60,03†	80	29,40	40,74	29,73

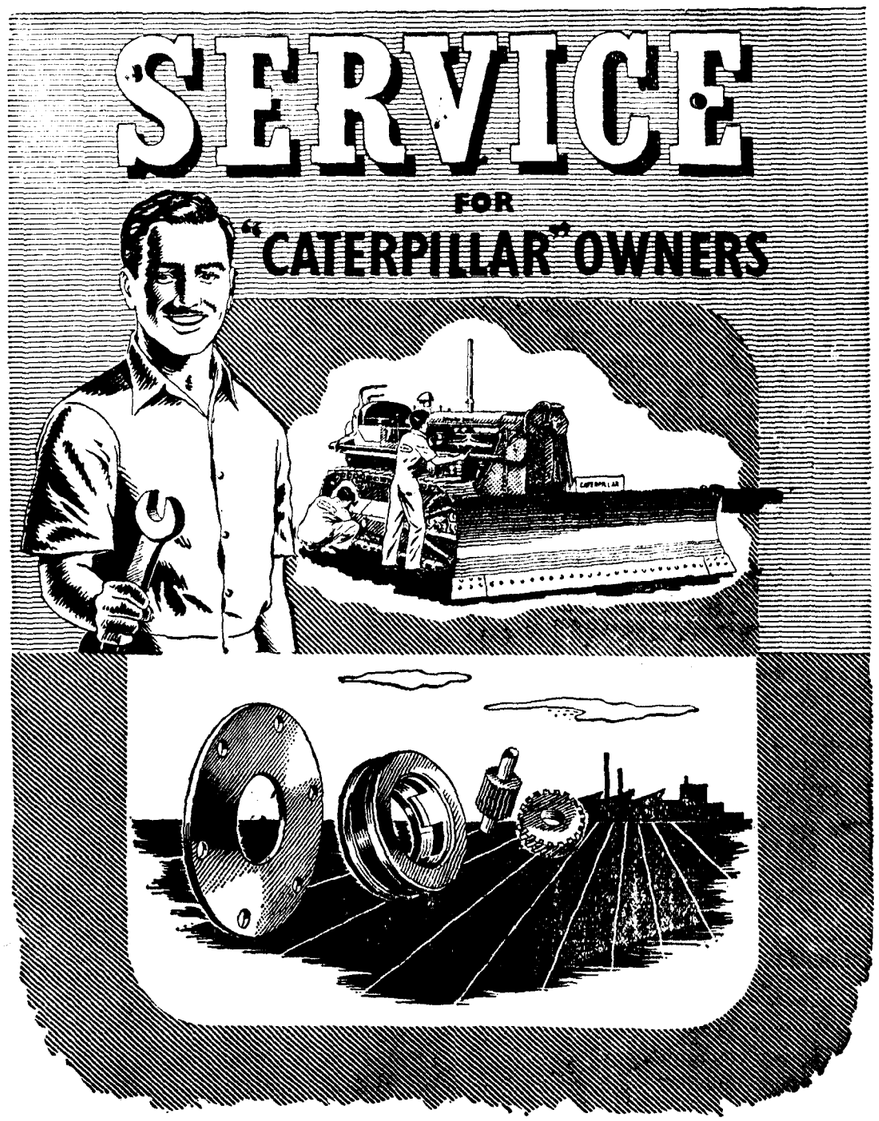
Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. †Includes cash and short term securities.

SEA AND AIR BORNE TRADE OF INDIA

Composition of Trade

(In thousand rupees)

	IMPORTS		EXPORTS	
	1953-54	1954-55	1953-54	1954-55
I. Food, Drink & Tobacco:—				
Fish (excluding canned fish) ..	16,11	14.38	4,30,36	4,06,07
Fruits and Vegetables ..	9,89,54	9,54,76	14,04.24	13,42,84
Grain, Pulse and Flour ..	63,64,91	68,00,65	5,91	2,19,54
Liquors ..	1,53,81	1,53,19	5,33	8,99
Provisions and Oilman's Stores ..	9,67,44	9,43,08	1,55,34	2,64,53
Spices ..	5,59,61	4,24,53	16,88,50	11.31,03
Sugar ..	2,32,64	21,97.99	*11,41*	*22,63*
Tea ..	9,49	35	101,62,15	146,53,77
Other Food Drink ..	1,97	1,64	1,98,16	7,46,69
Tobacco ..	79,46	1,17,90	12,09,51	11,07,80
TOTAL CLASS I ..	93,74,99	116,08,47	152,70,91	199,93,88
II. Raw Materials and Un-manufactured Articles:—				
Coal and Coke ..	..	..	4,10,33	3,63,04
Other Non-Metallic Mining Products ..	3,45,72	6,79,97	10,19,11	9,14,41
Fodder, Bran and Pollards ..	5,41	3,39	2,24	51,06
Gums, Resins and Lac ..	1,41,30	1,85,32	7,42,09	11,57,32
Hides and Skins raw ..	36,64	43,15	6,09,05	7,13,28
Metallic Ores and Scrap Iron ..	27,85	42,08	36,13,69	19,18,77
Oils of all kinds ..	*92,36,11*	*90,00,67*	6,15,77	21,14,79
Oil Cakes of all Kinds ..	..	..	8,13	1,45,35
Paper—making materials ..	1,09,02	1,70,63	44,44	51,91
Rubber, raw or crude ..	8,79	1,03,49	2,52	85
Seeds (including nuts for oils) ..	3,83,03	7,41,86	2,52,46	4,16,45
Tallow, Stearine and Wax ..	1,18,55	1,04,53	6,47	7,14
Cotton, raw and waste ..	52,75,37	58,44,74	19,27,74	20,14,35
Jute, raw ..	7,10	3,00	..	..
Silk, raw and cocoons ..	59,26	1,06,20	31,93	5,60
Wool, raw and *tops* ..	8,52,42	8,16,01	6,72,38	9,63,52
Other Textile Materials ..	4.31,04	4,25,27	1,18,55	1,84,97
Wood and Timber ..	2,07,24	1,92,14	1,23,76	1,10,26
Miscellaneous ..	4,16,93	2,70,33	6,48,56	8,35,64
TOTAL CLASS II ..	*176,61,75*	187,32,78	*108,85,22*	*119,68,73*
III. Articles wholly or *mainly* manufactured:—				
Apparel ..	38,64	43,05	3,30,39	2,58,83
Arms, Ammunition & Military Stores ..	2,03,33	2,28,03	79	13,03
Chemicals, Drugs and *Medicines* ..	25,82,82	31,87,89	4,58,06	4,81,31
Cutlery, Hardware, etc. ..	15,04,04	17,71,83	2,83,45	2,78,28
Dyes and Colours ..	18,87,25	19,68,89	73,98	70,11
Electrical goods and apparatus other than Machinery ..	13,45,88	11,32,38	46,48	44,59
Furniture, Cabinetware, etc. ..	59,33	32,83	29,94	39,47
Glassware and Earthernware ..	1,71,53	1,78,11	23,96	23,13
Hides and Skins, tonned or dressed and Leather ..	29,69	34,08	25,35,65	19,03,94
Machinery of all kinds ..	37,66,93	83,26,06	1,11,45	1,22,27
Metals-Iron and Steel and manufactures ..	24,23,67	*30,14,88*	98,83	78,13
Metals, other than Iron and Steel and manufactures thereof ..	14,54,66	26,13,61	2,03,26	1,27,21
Paper, pasteboard and stationery ..	12,77,37	13,67,45	82,98	90,14
Rubber manufactures ..	48,07	53,37	1,72,44	1,22,14
Vehicles excluding locomotives ..	26,08,18	33,80,03	1,46,95	1,53,57
Cotton yarns and manufactures ..	3,22,75	2,21,85	72,13,82	*66,25,86*
Jute yarns and *manufactures* ..	71	67	113,80,57	124,39,54
Silk yarns and *manufactures* ..	12,92	21,79	24,96	20,26
Woollen yarns and manufactures ..	3,06,42	2,95,01	4,36,53	4,37,01
Other yarns and textiles fabrics ..	13,84,07	14,41,36	3,92,19	3,83,87
Miscellaneous ..	10,49,19	11,35,54	16,50,86	17,18,36
TOTAL CLASS III ..	274,77,46	304,48,72	256,97,55	254,31,07
IV. Living Animals	14,77	12,42	49,59	53,23
V. Postal Articles and Baggage not Specified	3,83,17	2,57,13	4,16,65	4,18,96
GRAND TOTAL ..	549,12,14	610,59,52	523,19,90	577,75,88



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.

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The Eastern Economist

VOL. XXIV. NO. 25. NEW DELHI: JUNE 24, 1955. ONE RUPEE

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Legislation and Policy

BETWEEN May last year, when the Companies Bill was first introduced in Parliament for reference to a Joint Select Committee, and April this year, when the Committee concluded its hours, Government's policy on this most important subject seems to have undergone a drastic change. The most striking example of the change seen in the decision on the future status and functions of the managing agents. The importance of this institution in the country and the preceding controversy about its virtues and defects have been responsible for drawing pointed attention to the inconsistency in the Government's approach to the question of reform. But there are other matters also in which such inconsistencies have been in evidence from time to time, which raise an issue of principle as to the extent of the Government's obligation to be clear in its own mind about what it sets out to achieve. The merits of the controversy about managing agents are not quite relevant for this assessment. It is sufficient to say that this particular question has been under close consideration for over five years and the Government had ample opportunities to make up its mind after the investigations of the Company Law Committee had concluded and before the Bill was introduced. Whatever further changes were needed in the details of the new legislation, the public had a right to assume that at least the pronouncements of the broad lines of reform represented a reasonably firm policy decision.

The importance of this principle of consistency in a parliamentary system of Government is self-evident. A non-parliamentary executive may be able to escape such responsibility because of its lack of control over the law-making body, except through special powers like the veto in the U.S.A. But a party Government based on a legislative majority cannot so evade its responsibility to be consistent by pleading that a Committee of Parliament has taken over charge of policy and altered it. This, however, is what has ostensibly happened in the Companies Bill. On this outstanding issue of the managing agencies, the triumvirate which spoke for Government at the time of the introduction of the Bill did not hesitate to lay down the fundamental objectives underlying Government's policy. The Finance Minister was quite categorical in his speech, a relevant portion of which is reproduced below:

"I am prepared to accept their (the Committee's) findings, that the time has not come for

eliminating the managing agency system. Here again, it is a matter for the Select Committee and I think, that apart from any Constitutional issues of compensation and so on, they will still come to the conclusion that if we were to eliminate the managing agency system, we would probably be dealing a very severe blow to the expansion of industrialisation in this country. Therefore, it seems to me that we should not end this system unless we have first tried mending it. After all, this is the first major opportunity that we are taking of mending it and my own advice would be that we should wait and see how in our legal environment we are able to regulate this to secure the best interests of the shareholders and the general public."

The Minister for Industry and Commerce, Mr. T. T. Krishnamachari was even more definite about the role of the managing agent:

"Even if all that has been said against the managing agent is, to a large extent, true, that does not altogether rule out his existence and I think that his existence is a thing which we can recognise and be proud of. By and large, a number of managers of industrial institutions have played the game, have attracted capital, have provided reasonable returns for their shareholders, have given confidence and have also stimulated further savings and investment in their ventures. ....That is my defence for the Bill as it is with the provision of managing agency, and I do maintain that unless we can produce effective substitutes, we have to carry on, and deal with the abuses. If hon. Members opposite suggest any measures by which abuses could be dealt with, I think my hon. friend the Finance Minister will be quite prepared to consider them as and when the time is appropriate, and we can hammer out various methods by which we can put a check on the various methods, by which we can put a check power and so on. But if you tell us that our differences are fundamental, well, I may say let the differences be. We agree to differ."

This clear line was reiterated in the Rajya Sabha on behalf of Government by the Deputy Minister of Finance Mr. M. C. Shah in the following words:

"It is equally pertinent to remember that no reform of company law, which does not take into account the present institutional set-up in the economic field, can lay any claim to constructive thinking. If in our anxiety to eradicate known and established evils in company management we try to sweep away such of the existing institutions as have been built up over the years, we may be hard put to it to fill up the vacuum caused by their sudden disappearance. While in course of time we shall no doubt succeed in building up new institutions to take the place of the old, during the period of transition while the vacuum still exists, we shall have needlessly hamstrung our efforts to promote the development of trade and industry in the private sector. The way of prudence would, therefore, seem to lie in reforming existing institutions, while this process of building up new ones proceeds apace."

It may still be urged now that the Bill as amended by the Select Committee only preserves the managing agency system after modifications, though they are substantial. In certain notified industries managing agencies may terminate in 1960 or after three years' notice and new ones may be prohibited. The term of office of all existing managing agents will cease in August 1960 and can be renewed thereafter only with the approval of the Government. No person can be managing agent of more than ten companies after that date and managing agencies will not be heritable or devisable by will and, in any case, cannot be continued on that basis without official approval. All these and other restrictions on appointment of directors and purchasing and selling agencies may be shown to be merely curbs on the freedom of operation. But are these not curbs which aim at more than the mending which was the original objective? It is hardly possible that any system of private enterprise would survive with vigour or efficiency without the flexibility which is its raison d'etre. The destruction of this flexibility—which is the keynote of the proposals of the Select Committee—may so greatly impair the working of managements that even the remaining virtues may be gradually lost.

It is not enough to show that the Select Committee has sought to preserve the virtues of managing agencies by the creation of the system of secretaries and treasurers. Business men have perhaps reconciled themselves to this new institution, which would enable managing agencies to function under a new style, only because of their sense of relief that political pressures have been prevented from causing serious damage at this juncture. Theirs is not an acceptance of principle but an acquiescence in an outcome which might have been even worse for them and the country's economy. It is possible to say that the politician has even less scruple about principle and that if he can, by a change of name, achieve credit for radical reform of abuses, he would not hesitate to abolish one institution and establish another, even without substantial difference of function.

In discovering virtues in the system of secretaries and treasurers which has not been extensively tried, the Select Committee has not been very convincing. It was only a weak compromise. This new agency may gradually come into operation without some of the powers now enjoyed by managing agents in respect of appointment of directors, appointment of purchasing and selling agents and with a maximum limit to remuneration of 7½ per cent of annual profits. The evolution of this system would, however, depend on the growth of fresh enterprises, the abolition of existing managing agencies in certain industries and the non-renewal of existing terms of office as managing agents in others. Legislation has thus been only negative and no constructive channels for the development of managerial ability would be created by a scheme of restriction alone. Even in respect of companies controlled by directors, there is no favourable treatment which can act as an incentive for their growth.

In any case, all these constitute specific issues which are vital matters of policy and not merely of drafting into law. They needed clarification much in advance of enactment. That has not been done. The Constitutional amendment which placed company legislation above challenge has apparently altered the Committee's approach in favour of more radical measures. But that only proves that clear-cut programmes of reform do not determine current legislation; at least in this case, there was enough time and other agencies, like the Company Law Committee and the Planning Commission, to help Government to formulate a clear line of policy which could be translated into law. Now, however, the policy towards companies will have to be settled in the light of the clauses that finally get enacted thus reversing the procedure.

Revision of Railway Rates

THE announcement made by the Railway Board last week about the appointment of a Committee to enquire into the structure of railway rates and allied matters has come as a belated response to public demand. For at least two years now there has been a persistent clamour for an exhaustive review of railway freight rates, but the Railway Board not only remained indifferent but took the dogmatic attitude that in view of the rationalisation of freight rates, introduced in October 1948 after an elaborate enquiry by a departmental committee, there could be no question of reopening the issue. The appointment of the committee and its terms of reference, have not come with good grace, for it is difficult to overlook the unilateral action taken by the Railway Minister in making substantial increases in freight rates for medium distances in this year's budget.

Freight rate policy in Indian railways had seldom proceeded on a scientific assessment and even if manipulation of rates to subserve the interests of foreign industry and trade has now become a thing of the past, their manipulation for railway revenues continues to be the guiding objective. Freight rates have been varied primarily for this purpose at repeated intervals on an ad hoc basis and the changes made in this year's budget constitute the latest illustration of this policy. Even after the simplification of rate structure in 1948, which is claimed to be the outcome of an elaborate enquiry extending over four years of patient labour, the Railway Board could not resist the temptation to put up rates. Coal and steel came in for a substantial dose of increase. These do not constitute solitary instances, while cement, chemicals and sugar are only the chief in a long list.

The developmental function of rate policy has often received scant attention and in the post-independence era of an integrated railway system, the needs of rehabilitation finance have invariably dominated the changing structure of rates. If the enquiry committee is to render literal justice to the principal term of reference which enjoins that the twin objectives of developmental economy and financial stability of railways must be simultaneously protected, probably maintenance of the status quo will be its inevitable verdict. Thus result is certainly not intended. Stability ought not to be confused with capacity to maintain a definite surplus. It needs to be recognized clearly that in an economy which has deliberately proceeded on a rapid rate of expansion with emphasis now on the industrial sector, developmental finance for railways must be found in a large measure from the Central exchequer. This imaginative policy alone, taking a long-term perspective of the problem, can promise expanding traffic and financial prosperity for the railways.

It is essential to locate where reform is precisely needed. In 1948 the overhaul of the rate structure aimed essentially at the simplification of rates, but in vital respects there was positive rationalisation which introduced a radical principle in freight rates. The flat or horizontal discontinuous rates were abandoned and telescopic rates on a continuous mileage basis were substituted. This measure of fundamental value, however, was incorporated in the rate structure at the cost of short and medium hauls. If the rates over long distances tapered off progressively, their incidence on shorter distances was made heavier. This fact is not disputed. The steeper taper which was provided in the readjusted rates in the current year's budget was counterbalanced by heavier charges at the base. To offset the effects of a decrease in revenue of 15 per cent for distances beyond 600 miles, a 10 per cent increase was levied on hauls for 300 miles. It clearly conceals a net increase in rates up to 850 miles relatively to the previous charges.

In fact the main issue which the committee will be called upon to decide is the extent to which the claims of short and medium hauls for equitable rates have been ignored in the recent revisions of scales. It is anachronistic that the short distance charge should not be withdrawn while fixing higher rates for medium hauls. This element of surcharge lost all justification with the abolition of the all-distance flat-rate. The standardised terminal charges have normally operated to the detriment of short distance traffic and a thorough investigation is required to determine how far they represent the cost of terminal services actually rendered. The anomaly of the levy of the terminal charges even when goods are handled at the terminals by the transport user typifies the arbitrary character of the rating policy and calls for elimination.

The reform of 1948 did not contemplate that rigidity should be engrafted on the rate structure. With the simplification and uniformity in class rates the area of discretion for liberal rates in specific cases was largely narrowed down. But it was on the ground of expediency to maintain flexibility and offer concessional charges that authority to quote special rates was retained. Experience of the last seven years of the rationalised structure establishes the virtual absence of use of the discretionary power. This should be clear from the general lack of response to the recommendations of the Tariff Commission urging concessional rates for specific commodities involved in emerging industries. Scores of basic raw materials qualify for an equitable claim either to special rates or to a separate low classification.

The committee's terms of reference by no means restrict the scope of its investigation to freight rates alone. There are other tasks assigned to it—redefinition of the nature of risk to be imposed on railways as carriers of goods, for instance. The question is posed whether the liability of a common carrier of goods should be mposed on the railways in place of the conventional qualified liability restricted to goods carried at railway risk. It cannot be disputed that the procedure and expenditure involved in pursuing compensation claims are vexatious and onerous. To convert existing qualified liability into total liability of a common carrier must entail a surcharge for risk insurance. It is questionable whether uniform levy on this count should be made on all transport users. The reasonable via media is to readjust railway risk rates to the level of risks really undertaken.

A Bright View From Basle

PRIDE in the economic progress achieved during the past year coupled with a warning against complacency is the keynote of the Annual Report of the Bank for International Settlements, which has just been published. For the last 25 years these reports have been outstanding through their objective analysis, their emphasis on the fundamental solidarity of all countries and their stress on the importance of sound and flexible monetary policies. Monsieur Roger Auboin, its General Manager, justly points out that the report, though free from dogmatism, has upheld the "central-bank tradition", but keeping it up-to-date in accordance with the great progress of the science of economic and the important advances in monetary technique. It enhances the value of the report that it is an independent study made by the management and, though reflecting opinions shared by the heads of the various central banks, does not officially commit either these banks or their Governments.

The BIS is essentially a European institution (all European central banks with the exception of the State Bank of the USSR and the Bank of Spain), although maintaining close technical relations with the American market. Naturally the report is focused on European trends; but it also takes account of general developments and deserves close attention by all observers of the international economic scene. Of particular interest to Indian readers is the conclusion (which the report thinks will be confirmed by the studies initiated by the International Bank for Reconstruction and Development) that the credit policies which should be pursued by underdeveloped countries "do not differ as much as has sometimes been assumed from those appropriate to other countries". Although the inflow of short-term funds from abroad usually brings down somewhat the interest rates in the recipient country, long-term borrowing from abroad for investment purposes may have the opposite effect. It may not be possible to obtain from abroad all the capital needed for the particular investment so that some of it has to be raised internally. Furthermore, the new investment (e.g. the construction of a steel works) will usually lead to further investment (e.g. housing and the creation of new connected enterprises). In order to avoid an inflationary expansion of credit, interest rates may then have to be raised in the country in which he investment is being undertaken. In such a case underdeveloped countries may be tempted to assume that they can add to their resources by some "mild" form of inflationary financing and may not realise that the publics confidence in the currency will tend to be impaired as it becomes aware that prices are going up and that difficulties are arising in the balance of payments. "This is bound to weaken the flow of domestic savings which, after all, must in any country be relied upon to supply the bulk of the resources required for investment".

On both sides of the Atlantic 1954 was a fundamentally prosperous year. In most European countries the volume of production continued to increase throughout the year; the gross national product of the OEEC countries rose by 4 per cent in real terms. In the United States and Canada output began again to expand in the second half of year. This progress was achieved concurrently with an unusual degree of general price stability and without any resurgence of major balance-of-payments difficulties. Price stability indicates a better relation between the supply of goods and services and the evolution of monetary demand; moreover, it has a very beneficial effect on general economic efficiency. By encouraging confidence in the domestic currency it brings about a rise in savings. The report points out that there may be a conflict between the immediate and usually short-sighted interest of certain sections and the general interest in this respect. There may also grow a feeling of false security, which could divert attention from incipient inflationary influences, resulting particularly from excessive financing by means of newly created credits.

The Western European countries as a whole had a balance of payments surplus of $1,200 million in 1954 as against a surplus of $1,400 million in 1953. This reduction was largely due to the quickening expansion of Europe's economy, which led to an increase in imports. Some countries welcomed a decline in heir surpluses since it helped to moderate the excessive liquidity of their money markets. "In the U.K., however, where the aim has been to build up country's reserves, the reduction—although not great in itself—gave rise to much discussion and led in fact to prompt and determined action". Similarly, the Scandinavian countries adopted flexible monetary policies for the first time and did not go back on their trade liberalisation.

There is reference to the action taken by the U.S. authorities to contain the recession and in particular the prompt measures in the fiscal and monetary fields. European countries were able to raise the level of their own economic activity in spite of the U.S. recession for several reasons. Monetary confidence has been restored, the increase in reserves has made it possible to buy materials in the cheapest markets and with few restrictions, costs and prices have been in balance, a fair amount of liquid savings has been available in most countries, and consumers have been able to increase their purchases of durable and semi-durable goods after having replenished their stocks of clothing and other essentials). "The increased confidence felt by European countries both in their own strength and in economic trends and policies in the United States has had the effect of encouraging them in their efforts to maintain sound internal conditions and restore a healthy system of international trade and payments".

Nevertheless, there is no reason for complacency. In most European countries all available manpower is by now fully employed and, for this reason alone, it is unlikely that the recent rate of expansion can be maintained all along the line. The report points to the danger that the rapid credit expansion in a number of countries may continue even if it is no longer justified. It must not be overlooked that "in recent years the money volume in the U.S. and the U.K. has increased at an annual rate of no more than 2 or 3 per cent". To avoid the risk of relapse into inflation, the time has come to "consolidate the success". Firstly, countries must apply realistic financial policies. Secondly, real efforts must be made "to remove the residue of artificial restrictions and excessive disparities which still impair international economic relations and are at the root of the existing discriminations between monetary areas'. Admitting the advisability of a gradual approach, the report, nevertheless, stresses the even greater risk which may be incurred by postponing decisions.



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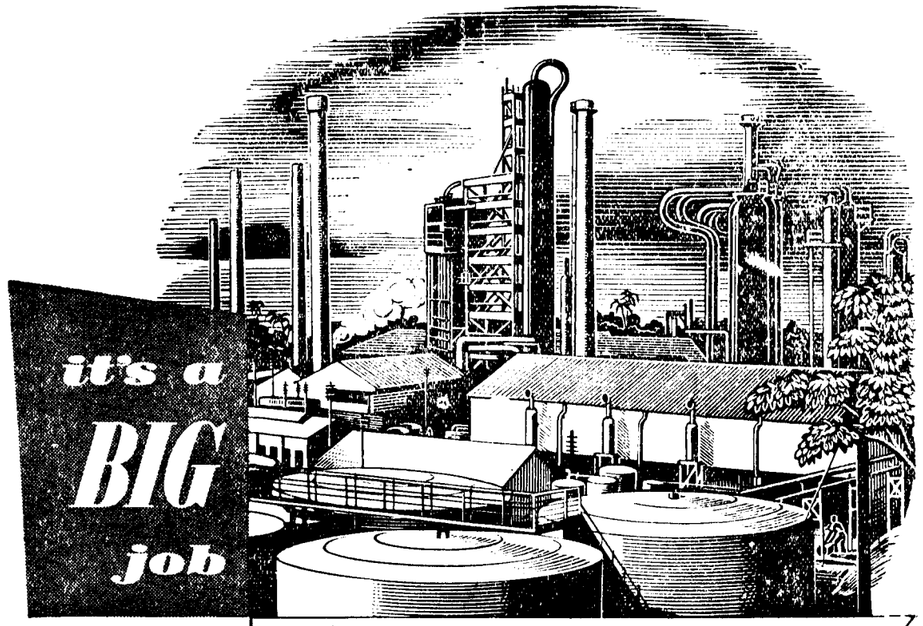
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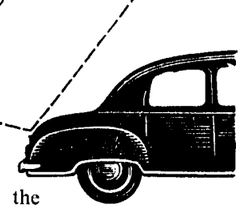
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THE WEEK'S NOTES

UNITED NATIONS—THE FIRST DECADE

TEN YEARS ago on June 26, 1945, the United Nations came into being when 50 countries subscribed to the Charter. Ten more nations have been added during these years to the membership. That indeed is not a very impressive figure when we consider the long queue for membership and the anxiety of those at the tail-end. Besides about 14 who have been on the list of applications for admission, there are other nations which have now been relieved of the disabilities imposed by the post-war surrender terms. The most outstanding, however, among such problems of membership is not one of admission but of representation of China, one of the Permanent Members. With these shortcomings in membership, however, the United Nations has worked and steadily expanded its activities and influence in social, economic and cultural fields. Its political ineffectiveness is perhaps too much highlighted by the fact that the Security Council—the chief executive body—has been relegated to the background in recent years because of the veto. It emphasises the point that one of the basic assumptions regarding the United Nations was Big Power unanimity and when that assumption was proved mistaken, the strength of the United Nations as a great world force was undermined. That the U.N. has taken roots and grown in spite of all this is the matter for satisfaction today. After ten years, it can still be said that the Charter is a noble document which enshrines the best in the hopes and aspirations of mankind, and that there is not very much in it that needs to be re-written even if there is opportunity and agreement for the purpose.

The Security Council has become secondary because of the scant consideration for its status shown by the U.S.S.R. through the constant exercise of the veto and latterly because of the U.S. sponsored "Uniting for Peace" resolution which was a sequel to Russian policy. But this decline of its importance has obscured some of the irrationalities of the Big Power membership and the exclusion of Communist China. France, for example, has never succeeded in living up to the greatness thrust on her by her allies; her political system has never enabled her to put her own internal affairs into order, much less take a hand in the affairs of the world. At the same time, the world's largest populations have remained unrepresented. Permanent membership gave priority to interests, while the U.N. objectives spoke nobly of principles and peace. With all these limitations the proceedings of the Security Council reveal a very long list of tensions which were debated—though intervention was often ineffective. It may not be possible to dispense with the veto but there can be no satisfaction with the existing system of representation in the Council.

It is a pleasant prospect that faces us when we turn to the specialised agencies of the U.N. and add up the good work which they have done. That work will abide and will in time help to reconcile differences, and act as a healing influence in a world which at last seems to have groped its way to a point from which it is possible to look forward and feel more hopeful about the future.

RADCLIFFE REPORT ON BRITISH TAXATION

THERE ARE important differences between the Radcliffe Commission's Report on British Taxation published a fortnight ago, and the Matthai Report on Indian Taxation. The Radcliffe Report is much smaller, containing only 500 pages, and promises to be more concise and readable. The Commission was appointed by the Labour Government in 1951, but the character of its report is such that the pro-Labour members of the Commission had to sign a minority report advocating a capital gains tax and a separate corporation profits tax for companies. The majority on the Commission has refused to be drawn into ideological controversies and has applied itself wholeheartedly to tackling the injustices in the tax system. In effect, the majority has recommended a system which the present Government can readily agree to implement, and it is felt that the measures now suggested would improve, if not reform the tax system.

Two major points have been underlined in all comments. The Commission has assumed that there would be stability in the price level but this assumption is regarded in some quarters as not quite warranted in the context of prosperity and full employment which carry the seeds of inflation. The Report is candid on the point that the Commission's conclusions would have been different if the assumption had to be a decline in the purchasing power of money. An obvious case of such conclusion is the Commission's opinion on depreciation allowances. There is no recommendation for a change in the existing system of depreciation allowances based on historical cost; apparently the Commission has discounted the theories of capital erosion as exaggerated. Still the case for "replacement costs" would raise its head if prices again rise, contrary to the Commission's assumptions. For the time being at least, a controversial issue seems to have been settled. Company accountants may derive satisfaction from the complicated formula of "last in first-out" for the valuation of Company stocks, because its application would reduce taxable income in a period of rising prices. But there is an inconsistency here because this is a concession suited to an inflationary situation which the Commission had rejected at the outset for other matters.

RUMOURS ON RUSSIAN AID

CONFICTING VERSIONS—presumably due to conflicting briefs—have been received from some press correspondents accompanying Mr. Nehru on his Russian tour. Like the Delhi weather forecast—which promised last Saturday the monsoon within 48 hours and is now offering the lame explanation that it would be temporarily delayed—reports from Russia, first speculated on increased economic aid but now state that there would be no immediate offer of economic aid by the Soviet Union. There was no reason for such alarums and excursions over the subject. After the acceptance of the Russian steel plant, besides the fairly old talk about Russian assistance to the Panna diamond mines—neither of which had needed Indo-Soviet talks at the summit—the question of principle had been settled and only individual cases of such aid had to be determined. It was never assumed that the scope for the expansion of such aid would be very wide. There are obvious limitations to what Russia can spare over and above her own and the needs of the Communist countries and there are even greater limitations to the aid which India would be willing to ask for and accept from any one side. Technical assistance on an increasing scale may be possible; the current controversy over the role of Russian statisticians in casting the second Plan-Frame reveals some of the fields in which such experts may be made to enter.

Even this offer of technical help is not indeed a new development as the Soviet Union had expressed an intention over a year ago to enter the United Nations Technical Assistance Board. Only countries willing and ready to receive such assistance have not so far been many. India's foreign policy has made it possible for her to treat Russian aid in a more dispassionate manner. The possibility of Mr. Nehru's visit being made the occasion for any special deal in this matter

is rather remote. And so far as larger economic co-operation is concerned, the major factor to be borne in mind is the different spheres in which trade and payments of India and the U.S.S.R. have to move. Some shifts are bound to occur in East-West trade as part of the general relaxation of world tensions at the present time. Since the old Communist policy of restricting consumer goods industries has been revived in the Soviet Union, there may be opportunities for manufactured goods entering the Soviet Union; but the question is whether the products of Russian heavy industries will be sold in a competitive market in exchange for such imports—assuming there is a substantial surplus after meeting domestic requirements and those of China and Eastern Europe.

PHILOLOGISTS AT WORK

THE EXPERT Committees of the board of philologists in the Ministry of Education are not letting the grass grow under their feet. The first batch of finalised technical terms in Hindi in five subjects has been published and more pamphlets are on their way. The Ministry claims that Hindi terms in physics, chemistry, mathematics, botany and social sciences for use in secondary schools have been coined having in view the need "to combine scientific precision with conformity to the genius of the language". This of course will not guarantee their passage into current use but the constant repetition of the new terminology in the schools would, in time, ensure their acceptance by the teacher and the pupils, whatever the 'genius'. Quite an elaborate procedure of consultation of the State Governments, universities and linguistic experts has been followed before finalising these terms, leading to the obvious conclusion that if any or all of them cannot discover flaws or make suggestions for improvement of the words adopted, the words should be sound and acceptable. That indeed is a quick way of getting through this difficult business, though the method partakes of disposals under the civil court procedure in which a decree or dismissal can be made for mere default.

As in the case of the terminology for the schools in the science subjects, which would be assimilated by the young whatever their infelicities, the words of command now minted for the Forces would be put into use with the thoroughness and sense of discipline for which our defence forces are so justly famous. The philologists may enter uncertain ground only when they deal with the social sciences where the words in the existing vocabulary, often imprecise because of improvisation, have taken on meanings which bear little relation to their roots or earlier usage. Ultimately it is the people who must fashion the language and those who can feel the popular pulse best may not be found in the universities but among the writers for the popular press and the newspapermen who have to choose captions which captivate and invent cliches which eventually pass into the linguistic heritage of the people. All this does not follow the stereo-typed official procedure of scrutiny by department, publication for criticism, assessment by committee and acceptance by Government, but they are nonetheless effective as means of propagation of a language.

Insufficient attention seems to have been paid to the borrowing of widely-used terminology from the non-Hindi Indian languages in which this process of building up indigenous words for new ideas and things has gone further than it has done in Hindi. Just as in scientific terminology there is readiness to use English words transliterated into Devnagri script, there is no reason why other Indian words should not be similarly treated on a wider scale, on the basis of their currency in two or more Indian langages.

THE MORAL OF THE HU FENG CASE

FOR SOME months Hu Feng had been among the targets of a purely cultural controversy aimed at warning China's intellectuals that there can be no deviation from the party line in art and literature. Last week Peking Radio announced that "a clique, closely connected with imperialist and Kuomintang secret organizations", had been uncovered in China and that the "ring-leader of this clique is Hu Feng" To support the new charges, Peking Radio has alleged that "secret documents revealing the actions of this counter-revolutionary group" had recently been discovered. It called attention to "159 private letters of the Hu Feng clique" which the 'Peoples' Daily' had been publishing in instalments over the past few weeks. Now the 'Peoples' Daily' describes the Hu Feng clique as a group "of reactionary military officers, Trotsky elements, traitors, defectors and betrayers of the revolution". It says that although some people thought "the Hu Feng clique was only a small handful of ambitious people in cultural circles", Hu Feng's private correspondence proves that the clique "is a counter-revolutionary political organization hiding under the cloak of literary work".

The sudden dramatic twist given to the case by Peking Radio and press is believed to presage a further drastic tightening of discipline in Communist China's already highly regimented society, with the possibility of purges as widespread as those of the Soviet Union. Evidence of this is contained in a recent editorial in Peking 'Peoples' Daily', which said members of the Hu Feng clique were in all branches of government and Chinese society, and "some of them even infiltrated into the Chinese Communist Party and occupied important positions". These "counter-revolutionary elements", the paper said, "must be determinedly purged".

Some observers believe that behind this decision to propagandize the Hu Feng case is the fact that Communist China's first Five-Year Plan, to be publicly reviewed at the National Party Congress next month, is lagging behind the expectations and promises of Communist planners. The party is already calling on the masses for greater sacrifices. Kao Kang and Jao Shu-shih, purged by the March conference for "anti-party activities", were not suitable for full-scale use because they were so high in party circles. But Hu Feng, may be exposed to show that safety lies only in complete resignation to the dictates of the party's inner circle.



A Window on the World

WHAT HAPPENED IN 1857?

BY

ODYSSEUS

MAULANA AZAD continues to place ever more deeply in his debt every worshipper at the twin shrines of history and true scholarship. I do not forget his political services, but great and varied though these have been, I prophesy that it will not be for them that his name will be cherished by generations to come, long after all else that he has done will have followed the common lot and passed from the recollections of men. No, in my view, the Maulana will go down to posterity as the man who sponsored:

(1) The great three volumed "Report of the University Education Commission, 1948-49", the Magna Carta of India's boys and girls.

(2) The great two volumed "History of Philosophy: Eastern and Western" (Allen and Unwin, 1952), which I discussed at length here (October 23, 30, and November 6, 1953), the first history of world philosophy published in any country, and now

(3) the Maulana has charged Dr. S. N. Sen, former Director of the National Archives, to prepare a comprehensive, and one may hope definitive, history of the Mutiny of 1857.

"History! You're always bringing up history!" exclaims our professional objector in a tired voice from the back of the class. "Does it really matter today what happened a century ago?"

But to ignore history is as dangerous as to misinterpret it.

For example, among the several contrasts between the weakness of Neville Chamberlain's capacity, and the strength of Winston Churchill's to assess the requirements of British foreign policy in the face of the mounting German threat before the outbreak of World War II, was Chamberlain's obliviousness to historical necessities and Churchill's consciousness, and mastery, of them. Chamberlain acted in defiance of Britain's historic role on the continent of Europe as the organiser of the Balance of Power, or, if you shrink from so quaint and old-fashioned a term, of the Grand Alliance. Whenever Britain has departed from her role, she has risked, and on occasion experienced, disaster; when she has adhered to it, she has been safe, and Europe has been safe with her. When some aggressive power in Europe, such as the Spain of Philip II, or the France of Louis XIV or of Napoleon, threatened to become powerful enough to challenge Britain's safety, and sometimes the very existence of other countries, Britain led an alliance with those others to defend herself, and them, from the overwhelming aggressor.

It was Chamberlain's obliviousness to history that, seven months after Hitler had forcibly united Austria to Germany, which enabled him exultingly to exclaim "Peace with honour!" as he stepped from his aeroplane fresh from signing away to Hitler the bastion of democracy constituted by the frontiers of the Czechoslovakian republic. But throughout the years in which Chamberlain substituted appeasement for the policy of the Grand Alliance, Churchill was trumpetting the ancient necessities and conditions of British survival. And it is noteworthy that Sir Anthony Eden extended the classic policy in dramatic fashion when he told the Nine-Power Conference in London in September last year that Britain was prepared to maintain on the European mainland the British forces, as long as the Brussels Treaty Powers wanted them (see this column: February 18, 1955).

RAJAJI APPEALS TO HISTORY

When Rajaji recently asserted that fear is the fundamental evil that generates war, hot or cold, ancient or modern, and that the only way to get rid of fear is by unilateral disarmament—"Begin the right thing without waiting for the other side", he said—he is appealing to history, and whether we think that he is right or wrong, it is to history that we must turn to find the precedents that will uphold or refute him.

In these contexts, the reliability of our historians and the accuracy of their assessments assume a practical importance that is terrifying, because the trouble is that most of us—and I don't mean anyone else but you and me—know next to no history at first hand at all. Through the accidents of fate, you or I may have chanced to have witnessed, or even to have taken part in, a number of historic events, but even so our knowledge of them is hopelessly incomplete without reference to official documents and to the evidence of others, as much of it verbal as in writing. And of course for knowledge, understanding, and interpretation, of the considerable number of historical events at which we were regrettably absent—ranging from Asoka's victories over Kalingas, through Sir Thomas Roe's embassy to Jehangir, down to May 10, 1857, at Meerut—we are dependent on the views of the professional historians.

In other words, for the premisses and axioms on which we make up our minds on some of the most important problems of the day, we have no alternative but to depend on second-hand information.

It is only if you take the trouble to read several accounts by different historians of the same event that you begin to have an inkling of just how absolute is your dependence on the conscientiousness, industry, and integrity, of men who are, after all, fallible, as we all are, and as liable to be swayed by human feelings and prejudices. Here is a test that you can carry out for yourself on a wet monsoon afternoon: Go to an adequately equipped public library and select any episode of the Mutiny that may have happened always to have made some special appeal to you, and see what the following authorities— all of whom, save two, were alive at the time and in most cases actively participated in the events that they describe—have to say about it: W. H. Fitchett, Sir G. W. Forrest, Romeschandra Dutt, Sir J. W. Kaye, Sir T. J. Metcalfe, V. A. Smith, Edward Thompson, and S. R. Sharma. The differences not only of inclusion and omission, of emphasis and interpretation, but of simple fact, will appeal you, when you reflect over (1) your own previous wholly different impression of the episode that you had chosen precisely because you thought you knew more about it than any other, (2) the part that the struggle of 1857 subsequently played in (a) estranging Indians and British, and (b) inspiring the policies of subsequent British

administrators and of their opposing Indian Nationalists.

YOUR OWN TEST CASE

I think it probable, whether you who chance to read these lines be Indian or British, that after an afternoon spent in comparing the accounts given of a single Mutiny episode, about which you previously flattered yourself that you were tolerably familiar, you will appreciate more clearly how dangerous appeals to history can be when people are seeking to justify their present policies by what, on any conscientious reading of the past, are discovered not to be facts, but hearsay or conjectures.

Whenever, as so often and so easily, we base present policies, attitudes, or arguments, on false parallels with the past by anarchronistically reading contemporary motives and conceptions into previous eras when they neither did, nor could, exist, we create a new mythology. And it is to these figments of our own imagination that we then appeal in support of our arguments! Thus do we confuse our thoughts and may be the affairs of the nation. For example, the causes of the partition of this sub-continent in August, 1947, can in part be traced back to the influence over the minds of millions of misinterpretations and distortions of history, propagated for the most part in all sincerity by people who believed in their truth. For this tragedy I do not believe that any of us—Indian, British, Hindu, Muslim, or Sikh—can escape a share of the blame.

It is only after one has had the chastening experience of comparing the versions of half a dozen acknowledged historical authorities on a single episode that it occurs to one that the only way in which one can attempt to make the claim of knowing any history at all would be to study the original sources onself. But even supposing one's employer were kind enough to grant one indefinite leave of absence on full pay for this worthy purpose, the mass of files of every description, ranging from official correspondence, notes, minutes, through battle casualty lists, army court martial records, quartermaster's supply orders, to land revenue surveys, not to mention contemporary newspapers, memoirs, autobiographies, private letters, and diaries, should make one begin to realise why the professional historians differ—quite apart from ordinary human prejudices. A may have overlooked an important file; B may have added the casualty figures up wrongly; C may have misunderstood a technical term; D may have mistaken a private for a general with the same name; E may have failed to check the statements contained in a politician's memoirs against the record of his correspondence and minutes in the national archives and so failed to grasp that the politician was falsifying history in order to enhance his reputation in the eyes of posterity, or—but the possibilities are limitless.

These puzzlements are neither trifling nor imaginary, and since one concrete example is worth several thousand words of generalisation, I propose next week to illustrate my thesis, and the difficulties of the task that Maulana Azad has set Dr. S. N. Sen, by citing an episode that changed the course of history and then showing how uncertainly the evidence of contemporary witnesses supports the generally accepted version which inspired tens of thousands to heroic action.

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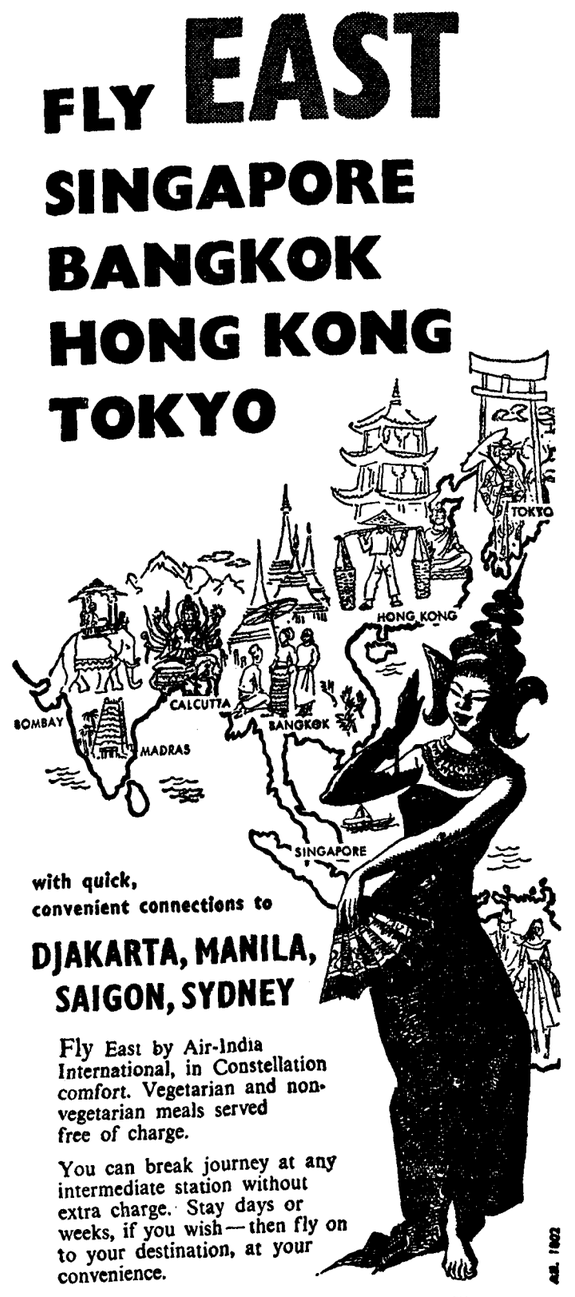
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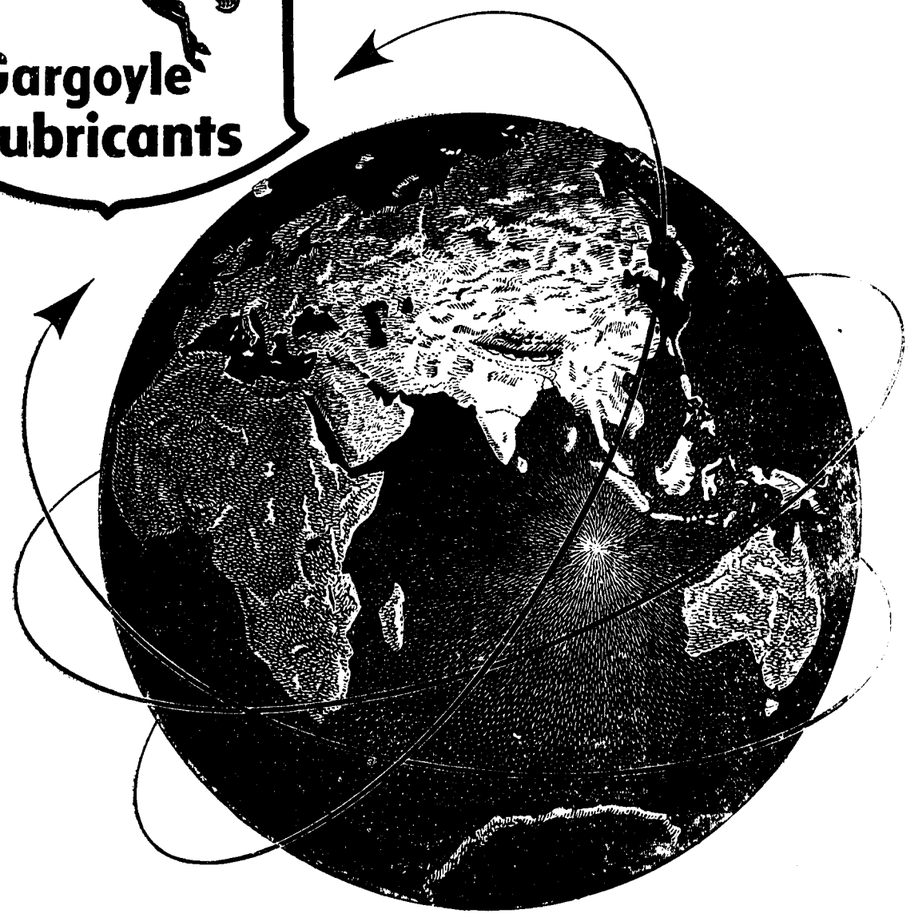
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A DELHI DIARY

HILL STATIONS: THEN AND NOW

I AM not ashamed to confess I am still at a hill station, supremely indifferent to weather reports and temperatures, maximum or minimum. The hill station has come back into fashion; somewhat slowly perhaps, as India's middle classes had still much to learn about the British way of life upon a hill. Clubs of various kinds—with golf not a little in the ascendant—were largely designed to provide entertainment in a limited compass for the governing class. A hill station as its name implied, was a stop upon a hill. Unless one brought up one's work, life could be very monotonous for those not used to that peculiar species of social life which was a marked feature of the British period. This life, not very congenial to many Indian middle class families, has now been happily adjusted. One does not need any longer to live in British style; Indian hotels are abundant. One does not need to play golf or to dance. One can do only walks and still be highly respectable!

The change that has come over life in India's hill stations has not been adequately noticed by our social historians, by whom, of course, I mean our journalists. Many of them fell in British days into the British way of life; as, indeed, was necessary then as power, which is the journalist's prime subject of observation, moved in and out with drinks and dances. Too few journalists it seems to me, have changed their angle of vision. Power is no longer to be found in hill stations; even Viceregal Simla is now only a shadow of Delhi. Srinagar, alone of hill stations, is a capital of a State. In other words, there is now an almost total absence of officialdom, an improvement from the point of view of our new pattern of society, socialistic or otherwise. There has been a great deal of levelling; coming up has been made much cheaper. The man on Rs. 600 per month can now get to a hill station with his family, though, one must admit, with very inadequate comfort. State transport has made much of this possible, but who, having done long journeys in State-operated vehicles, can claim to have suffered no aches and pains in the numerous joints which Providence designed for a much better purpose?

HELL AND MESOPOTAMIA!

There are Hill stations and hill stations. Curiously in India, almost every hill station is described as the "Queen of Hill Stations". I have literature before me which makes this claim for Darjeeling, Ootacamund, Naini Tal, Mussoorie and Gulmarg. Are all our hill stations feminine; and is there not at least a matriarchical line of masculine succession? Apparently not, And each State now has a Publicity and Tourist Bureau which thinks nothing of claiming that its hill station is the best that India has or will ever have. They are generally discreetly silent about the hard way one has to tread in order to reach these places of blessedness, (unless of course, one has the good fortune to travel almost completely by air as one can do to Srinagar). One might conceivably describe some of the points of ascent (Delhi in June not excluded) in the language of the British Tommy, who invited to describe Mesopotamia's temperature in mid-summer, said laconically that Hell was the hill station of Mesopotamia!

Let me pass from the general to the particular. I express my personal preference, just as do the State Publicity and Tourist Officers. I crown the Valley of Kashmir as the Queen of hill stations. I choose the valley, firstly, because it is not a hill station at all; one can travel along nearby level roads for a hundred miles and stay still in the valley.One has a freedom of movement, for the most part over excellent roads, which is totally unique. For every one object of interest that other hill stations have, the valley of Kashmir has ten. Here one can find archaeology—Buddhist such as at Harwan, Hindu as in the ruined temples of Awantipur, Moghul in the gardens of Jehangir and Shah Jehan—one can find lakes and rivers alongside snow-clad mountains; one can fish and swim and (in descending order of propriety) play golf just as if one were on the plains! The people of Kashmir are of perennial interest, and not only because of the plebiscite which has made them at present of greater interest than ever!

Having paid the Valley of Kashmir this high tribute, let me immediately qualify my praise on the Newtonian principle that action and reaction are equal but opposite. Much has certainly been done to organise the tourist industry in Kashmir. There are good and very helpful offices in Bombay, Delhi and Calcutta. We found a most efficient representative at Pathankot and a good, if a little hesitant, office at Srinagar. The hotels in Srinagar have improved in the last three years and the arrangements by which one can get huts or tents at a relatively low cost in various places including Pahlgam and Gulmarg have been developed so that, in the last analysis, one is not completely dependent on the hotels. As a result, the hotels are moderately priced for food as well as for drink, which is, sensibly, nowhere prohibited. These are successes which should be recorded; they have paid the Jammu and Kashmir Government good dividends.

On the other hand, it is certainly to be remarked that there are significant omissions, many of which should have been corrected. Official literature on places to visit is frequently incorrect. For example, in Gulmarg the outer circular road is advertised as being 7 miles in length; in point of fact it is considerably longer, and one large section of it is in disuse. Visitors set out on walks trusting to official assurances and are sorely disappointed. Many bridges over rivulets are broken down and a long detour has sometimes to be made to cross them. The result is to develop a sense of distrust and hesitation which hinders the best use being made of a holiday. Kashmir is certainly in urgent need of a good guide book brought up-to-date.

It should not be difficult for the Government of Kashmir quickly to correct its literature. Will it be equally easy for it to correct its policy on certain matters? For example, what can readily be made a motorable road from Tangmarg to Gulmarg is kept as a pony track. The theory behind this policy seems to be that, if the road is made motorable, there will be less total employment, as both coolies and ponies will be out of work. No one considers that as a result of the road's not being motorable, many motorists prefer to ignore Gulmarg and to use Pahlgam as their base. This unquestionably explains the increasing popularity of Pahlgam, certainly an inferior station. In Gulmarg, alone of hill stations I know, one can live on the side of a hill carrying perpetual snow, and one has within four miles at Khilanmarg one of the finest views of the the Western Valley. Why are visitors discouraged from seeing it?

I also question the proposition that, if the Tangmarg-Gulmarg road were made motorable, employment would decline. There would be many more people employed on the marking and maintaining of the road, a much larger number of visitors and much larger expenditure, which would (probably) benefit coolies as well as pony owners. I ask the Government of Jammu and Kashmir not to look to Delhi for guidance on this employment problem; the way to give employment is to open markets, not to close them!

ARGUS.

Letters to the Editor

EXTENSION OF OUR HOME TACTICS

Dear Sir,

Reference 'WHAT IS INDIA'S FOREIGN POLICY' by Odysseus published in your esteemed paper:

I do not think I will be wrong if I described it as the extension of our HOME tactics to the international field. Here we cry hoarse for co-operation amongst the various interests. For example in an industrial concern co-operation is desired amongst the producers of primary raw materials, the employers, the employees, and the consumers; and when the same is not coming forth naturally to the degree desired, it naturally invites Government interference and control. Our second tactic is to create POPULAR situations where they do not exist even, and then to step in for arbitration and control. Our policies solve none of the issues and Government enjoy increasing power. Our "NEUTRALITY" is a similar device to gain power and popularity.

Thanking you,

Yours faithfully,
RAM RAGBIR,

1153, Ganeshkhind Road,
POONA-5.
June 18, 1955.



WORLDGRAM

AGRICULTURE

National Rice Commission for India: A National Rice Commission will soon be set up by the Government of India under the Food and Agriculture Ministry. The Commission will promote national and international action with respect to production, conservation and consumption of rice in close collaboration with the International Rice Commission. Subjects under the purview of the Commission will include stepping up of production of paddy, improvement in the quality of rice, mechanisation of rice production, reduction of losses through improved operational methods, etc. The proposed Commission will also draw up plans and programmes for the fifth session of the International Rice Commission to be held in India next year.

*

Lac Production in the Second Plan: The target for production of lac by the end of the second Five-Year Plan has been provisionally fixed by the Government of India at 17,00,000 maunds.. Lac occupies an important place in India's export trade, the average annual value of exports during the last nine years being Rs. 983 lakhs. Lac production had been falling during recent years. The production was 12,96,000 maunds in the year 1951-52. It fell to 11,52,500 maunds in the year 1952-53 and came down to 6,54,000 maunds in the year 1953-54.

*

Cotton Control and Tenancy Legislation: Two important Saurashtra Bills—the Cotton Control Bill, 1955, and the Land Reforms (Amendment) Bill, 1955—have received the President's assent. Based on the Bombay Cotton Control Act, 1942, the first Bill regulates cultivation of cotton and prohibits mixing of prohibited varieties of cotton and of possession or use of or trade in the prohibited variety of cotton in any part of the State. This measure is in the best interests of cotton growers and cotton trade, and will promote economic prosperity of the State. The Second Bill authorises the Settlement Commissioner to apply on behalf of the 754 **girasdari** tenants, who have not so far applied for occupancy certificates for one reason or other, for occupancy rights, and to hold them in trust in their behalf. These occupancy rights will, in due course, be transferred to the respective tenants in the State.

*

Chinese Agricultural Expansion Plan: Government of China plans to grow an additional 10 million tons of grain this year, 6 per cent more than in 1954. The country's agricultural production in 1953 and 1954, the first two years of the Five-Year Plan did not reach its set targets because of natural difficulties, but output surpassed that of previous years. Last year 3 per cent more grain was produced than in 1953, despite the "heaviest rain for 100 years." Other increases planned for this year are 225,000 tons of cotton, (one-fifth) in addition to those in oil-bearing seeds, tobacco, tea, hemp and livestock.

INDUSTRY

Manufacturing Foam Glass: A new process for manufacturing foam glass has been worked out at the Central Glass and Ceramic Research Institute, Calcutta. In the method worked out at the Institute, an appropriate amount of lamp black is added to a particular glass composition and the mixture is well-powdered and sioved. The product thus obtained is put in a mould and heated. As the composition fuses and the temperature rises, gaseous products are formed and a body full of foams is produced. The temperature is then allowed to go down and the glass is annoaled at a very high temperature for nearly 24 hours.

Security Paper Mill for India. The Government of India have decided to set up a fully equipped security paper mill in India. This will develop an important line of production internally, as well as make India independent of foreign supplies. India's requirements of bank notes and other security papers have so long been obtained from foreign sources. There has been a large increase in note circulation in India since the last war and the Government's requirements for security paper have considerably increased. The project will cost about Rs. 2½ crores and preliminaries regarding its site and other matters are actually in progress.

*

Manufacture of Heavy Electrical Equipment in India: The Government of India have decided to set up a new state-owned factory to manufacture heavy electrical equipment as recommended by the Heavy Electrical Equipment Inquiry Committee. The Government have also decided to invite some leading electrical manufacturers of international repute to discuss the scheme and to indicate the basis of their technical and possible financial collaboration. The Heavy Electrical Project Inquiry Committee has recommended that the State factory should include in its programme items like hydraulic turbines and generators, generators for diesel sets and static capacitors. Besides this, the factory would manufacture heavy transformers.

*

Steel Production in Ordnance Factories: The concerted drive launched in Ordnance Factories to utilise their spare capacity for the production of civilian goods is now yielding results. It is reported that the Metal and Steel Factory, Ishapore, achieved a record output of 2,386.8 tons of steel ingots (equivalent to an average of 32.68 tons of ingots per furnace charge) from one acid open Hearth Furnace, the designed capacity of which is 25 tons per charge. Despite decreasing demands from the Armed Forces for equipment and stores, the Ordnance Factories are endeavouring to maintain their level of production and have catered to the needs of Ministries and departments at the Centre and in the States as well as of private industry.

TRADE

Indo-Austrian Trade: The total imports into Austria from India during January 1955, amounted to A. Sch. 10.1 million as compared with A.Sch. 4.2 million during the corresponding period of last year. Compared with the previous month imports showed an increase of 5.5 million or 120 per cent. Exports from Austria to India amounted to A.Sch. 11.8 million as against A.Sch. 9.4 million and A.Sch. 17.5 million during January, 1954 and December, 1954, respectively. The increase in imports from India was due to a striking increase in supplies from India of raw cotton, iron and manganese ores.

*

Rs. 31-Million Favourable Trade Balance: Pakistan's exports on private account exceeded imports by more than Rs. 31 million in January, 1955. Private account exports were valued at Rs. 114.7 million and imports at Rs. 83.6 million comparable figures for January, 1954 were Rs. 106.4 million and Rs. 72.1 million respectively. In January 1955, Pakistan exported 565 thousand bales of jute worth Rs. 65.6 million. At this level jute exports were at a peak, for the current jute shipping season and the highest since January 1953, when they had amounted to Rs. 71.1 million. Other principal exports were 47 thousand bales of cotton worth Rs. 21.0 million, tea (Rs. 8.4 million), wool (Rs. 3.7 million), fish (Rs. 3.6 million), and jute manufactures (Rs. 3.0 million). On the import side, machinery (Rs. 34.7 million) and mineral oils (Rs. 6.9 million) were the largest private account imports during January, 1955. Other principal imports

were cotton piecegoods (Rs. 6.2 million) chemicals, drugs and medicines (Rs. 5.2 million), vehicles (Rs. 3.0 million) and metals and ores (Rs. 2.1 million).

*

United Kingdom, Radio and Electric Equipment Exports Rise: Exports of radio and electronic equipment from the United Kingdom in April were provisionally valued at nearly —3,000,000—a record for any one month. This was £120,000 more than in the previous record month, March, 1954. Of the total, the highest monthly values were recorded in two groups of the industry. One was capital goods (transmitters, radar and navigational aids, and electronic equipment for industry), exports of which were worth £1,360,000—about £50,000 more than the previous best in July, 1954. The other group was sound-reproducing equipment, with exports worth £479,143. The total of radio exports for the first four months of the year was £10,570,000, which was over £1,000,000 more than in the corresponding period of last year. For 1954 as a whole, a record export total of more than £29,000,000 was reached.

*

Trade Pact Between Finland and Czechoslovakia: A new trade and payment agreement between Czechoslovakia and Finland for 1955 was recently signed in Helsinki. The new pact envisages a substantial increase in the volume of goods exchanged in comparison with 1954, and creates conditions for a further expansion of trade relations. Finland will export to Czechoslovakia mainly meat, cheese, cellulose, machinery for the paper industry, numerous products of paper and wood working industry, chemical products, limenite, etc. Czechoslovakia will deliver to Finland products of the engineering industry, machine tools, motor cars, motor cycles, tractors, rolled material, heat treated steel, numerous products of the metal working, chemical, ceramics, textile and glass industries.

*

Trade Agreement Between France and Turkey: The trade agreement recently signed between France and Turkey concerning the settlement of Turkish debts included also an agreement regarding Turkish supplies of cotton on settlement of their arrears. After the first supply of 10,000 tons of cotton, some difficulties arose for the delivery of the remaining quantity, but after a visit of the French Mission to Turkey, a new agreement was signed with the understanding that instead of another 10,000 tons, only 8,000 tons more would be supplied including 4,000 tons of the Izmir type and 4,000 tons of the Adana type.

FINANCE

World Bank Loan for Southern Italy: The World Bank has made a loan in various currencies equivalent to $70 million for the development of Southern Italy. It is the largest single development loan made by the Bank in Europe and the third largest in the world. The borrower is the Cassa per II Mezzogiorno, governmental agency charged with the administration of a comprehensive programme to raise the standards of living in Southern Italy, including the islands of Sicily and Sardinia. The World Bank has made two previous loans to the Italian Programme, both of $10 million, in 1951 and in 1953. The Bank of America is participating in the loan, without the World Bank's guarantee, to the extent of $5 million, which will represent the first five maturities falling due semi-annually as from July 15, 1958. The total loan is for 20 years, with redemption by half-yearly payments, the last due on July 15, 1975. Projects to increase agricultural production, industrial output and electric power service will be aided by the loan. About half of the total amount will be used for mainland projects and the other half for projects in Sicily.

More Central Aid for Development of Handicrafts: Further grants and loans have been sanctioned by the Central Government for the development of nandicrafts. On the recommendation of the All-India Handicrafts Board, a loan of Rs. 1 lakh has been sanctioned to the Indian Co-operative Union Limited, New Delhi, for production and marketing of handicrafts against firm orders. The Board has been given a grant of Rs. 11,050 for setting up a design centre at Delhi. For the publication of ten thousand copies of a catalogue for handicrafts, the Board has been sanctioned a sum of Rs. 54,500. The catalogue will give detailed information along with photographic and art illustrations about the various ranges of the goods available in the different emporia in the country. The Board has been authorised to incur an expenditure of Rs. 46,500 for the mobile exhibition unit for holding six exhibitions at Kanpur, Benaras, Nainital, Simla, Srinagar and Patiala.

*

Loss of Studebaker—Packard Corporation: The Studebaker—Packard Corporation has reported an operating loss of $5.6 million for the three months ended March 31, 1955. Net sales billed for the quarter were $152.1 million. In the corresponding period of 1954 the Packard Motor Car Company reported a net loss of $379,768 on net sales of $57.7 million. The Studebaker Corporation showed a net loss of $6.4 million on sales of $72.4 million. Combined, they lost $6.8 million on sales of $130.2 million. Net working capital on March 31, 1955, was $64.7 million, compared with $64.4 million on December 31, 1955.

*

Kenya Budget, 1955-56: Increased indirect taxation was the main feature of 1955-56 of the Kenya Budget. It was estimated that the new taxation was the main feature of 1955-56 of the Kenya Budget. It was estimated that the new taxation proposals would produce more than £1,317,000 in the year beginning on July 1. Among the increases announced were those in the duty on local tobacco and cigaretts, motor spirit, paraffin, certain types of woollen clothing, and motor and bicycle tyres. The only increase in direct taxation announced in the Budget was the raising of the special tax on members of the Kikuyu, Mern and Embu tribes, to which Mau Mau activities were confined. The gross estimate of expenditure for 1955-56 was £38,726,000 of which £14,000,000 was Emergency expenditure, leaving a balance of £24,726,000 for expenditure on ordinary account. Revenue for 1955-56 was estimated at £25,337,238, leaving an estimated deficit on this Budget of £13,388,762, to which must be added the deficit at June 30, 1955, of £6,259,357, making a total estimated deficit on the Exchequer Account of $19,648,119. By taking into account the grant of £10,000,000 from the United Kingdom Government the deficit would be reduced to £9,648,119.

MISCELLANEOUS

Government of India's Silver Refinery Plant: Government of India's Silver Refinery Plant is expected to go into operation by the end of 1956. The Central P.W.D. who have been incharge of the civil engineering work of this project is likely to complete their job by the end of 1955. The Government of India decided in 1948 to set up a refinery at Calcutta to extract silver from the quarternary coins which are being withdrawn and replaced by nickel coins, for enabling the repayment of silver received under the lend-lease agreement from the U.S.A. Investigations about the availability of the requisite equipment were made in 1953 and an agreement was entered into with the Government firm of "DEMAG" under which the firm had to manufacture and supply the necessary equipment in three instalments. The firm concerned has already delivered two instalments and is expected to deliver the third shortly.

NEWS IN BRIEF

INDIAN

It is reported that the estimated total output of iron ore mines in India increased to 3,80,702 tons in April, from 3,69,684 tons in March, 1955.

*

In accordance with the recommendation of the Central Board of Trustees of the Employees Provident Fund, members of the Employees Provident Fund will be allowed interests at 3½ per cent on their accumulations in the Fund for the year 1955-56.

*

It is reported that four technical men drawn from differrent states will be sent to Japan by the All-India Handicrafts Board for practical training in producing bamboo and lacquerware articles and Japanese methods of packing and marketing.

*

The number of new co-operative societies started under the Community Projects, Community Development and N.E.S. schemes up to September 1954, was 4,747.

*

The area under tobacco during 1954-55 was about 838,000 acres against 818,000 acres during 1953-54, showing an increase of about 2.4 per cent.

*

The Integral Coal Factory at Perambur will commence production early in October next. The factory is expected to go into full production by 1960, with an annual output of 350 coaches. It is expected to assemble 20 coaches in the first year, 100 in the second, 200 in the third and 300 in the fourth, beginning from October this year.

*

A modern factory to manufacture baby food in India will shortly be set up by the Kaira District Milk Supply Association at Anand, near Bombay at a cost of about Rs. 40 lakhs. This venture will receive assistance from F.A.O. W H O and U N.I.C.E.F.

*

The post-poned trade talks between India and Pakistan are expected to be held in Karachi in the middle of July. The objects of the talks is probably to make fresh trade agreement between the two countries. The present trade agreement between the two in respect of coal and jute is valid till August, 1956.

*

A new spinning mill with 23,500 spindles will be set up at Taherpur, a refugee township north of Calcutta, to increase employment opportunities for displaced persons from East Pakistan resettled in Calcutta.

*

The Union Government has decided to give special technical assistance to sewing machine and bicycle parts manufacturing industries.

*

The Prohibition Enquiry Committee appointed by the Planning Commission is expected to submit its report by the middle of July, so as to enable the Central and State Governments to formulate their policy regarding prohibition by October.

*

The first Basic Agricultural School has been opened in Himachal Pradesh. The school has at present arrangements for training 66 village level workers and it is proposed to expand the existing facilities so that 120 gramosevakas could be trained from the next session.

*

Nearly 25,000 tons of iron and steel, have been allocated by the Government of India to State Governments for agricultural purposes for the third quarter of 1955.

FOREIGN

An international wool textile research conference will be held in Australia from August 22 to September 9 this year to discuss recent development and technique in the wool textile industry.

*

The Government of Japan signed on the 7th instant the protocol terms of accession to the General Agreement on Tariffs and Trade after conducting negotiations with seventeen countries for a period of nine weeks.

*

The Norwegian Government proposes to ask Parliament to approve proposals for raising the maximum dividend payable by companies on shares from 5 to 6 per cent. The Government proposes that the new maximum dividend rate should be effective from July 1, 1955.

*

On the basis of negotiations which have recently taken place in Moscow between Czechoslovakia and Soviet Government delegations, an agreement has been signed for the inauguration of a regular air service between the Soviet Union and the Czechoslovakia Republic. Under this agreement Czechoslovakia and Soviet aircraft will fly regularly between Moscow and Prague.

*

It is reported that a proposal for a survey and appraisal of world needs and resources in Agriculture, fisheries and forestry will be considered by the Food and Agriculture Organisation of the United Nations at its November Conference in Rome.

*

The establishment of a World Wide Voluntary fund to help to eradicate malaria is called for in a resolution adopted recently by the World Health Assembly's Committee on Programme and Budget.

*

The Seamles Tube Factory at Sirak in Yugoslavia will export about 100 tons of seamles tubes to Brazil and Turkey. There will be shipments of seamles tubes to India, Egypt and Burma also.

*

The Cornerstone for the European Institute for Nuclear Research has been laid at Meyrin, Switzerland. The institute will house a research project undertaken by twelve European nations to amplify knowledge of the peaceful applications of nuclear energy.

*

Lancashire's Regional Board for Industry is pressing for legislation which will make it compulsory for all clothing to carry labels showing not only where the garments were made, but also where the "raw" cloth was obtained from.

*

Bicycles made in China may flood Malayan markets in the next few months if negotiations between the Pan-Malayan Cycle Dealers and manufacturers in Shanghai prove successful.

*

Turkish agricultural authorities report that a recent survey of the country's farming prospects shows 1955 promises to be a record year especially in the case of wheat. It is reported, Turkey will be able to export nearly 1 million tons of wheat this season.

*

A Pakistan Government sponsored team of three officers are now in West Bengal studying the working of co-operative centres, specially those for handloom industries.



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Special Articles

INDUSTRIAL ORGANISATION IN YUGOSLAVIA

By Dr. N. Das, I.C.S.

SINCE 1950, the little country of Yugoslavia has been experimenting with a form of industrial organisation which is almost without parallel in the rest of the world. It is the system of management of industrial projects through workers' councils—a kind of economic democracy which has been the dream of socialist thinkers since the beginning of the nineteenth century.

When Yugoslavia emerged as a Federal People's Republic in 1945 in the wake of the struggle for national liberation from Fascist tyranny, it set out to establish a socialist state on a pattern different from that in other socialist countries. After the Law on the Five-Year Plan of Socialist development was passed in 1947, it was decided that the means of production should be owned neither privately nor by the State: instead, it should be social. In other words, the factories and other means of production should be at the disposal of, and be managed by, the producers through workers' collectives in the respective enterprises.

This development in the Yugoslav economy took a formal and definite shape in 1950 when the Federal Assembly passed the Basic Law on the Management of State Economic Enterprises and Higher Economic Associations by the Workers' Collectives. By this Act, the management of the enterprises was transferred to elected agencies of the workers (workers' councils and management committees). According to Yugoslav thinkers, this is the logical development of the principles of Marxism which has, as its ultimate goal, an economic system in which the means of production are completely in the hands of the producers and not of a bureaucracy, howsoever, benevolent or efficient. In U.S.S.R., the centralised State machinery represents the most vital organising form of the process of socialism, the State apparatus being virtually identified with the will and consciousness of the working class. Yugoslav Socialism has, however, rejected the concept of the State as the incarnation of an omnipotent consciousness determining, in minute detail, the movement of various economic forces. Instead, it has relied on a democratic mechanism for managing the economy, so that the creative will and energy of every single individual can find full expression.

Let us consider in some detail the mechanism of this Socialist democracy. Each one of the industrial enterprises in Yugoslavia is self-contained in its operation, the only restriction being that it should function within the general framework of the overall economic plan of the Republic. The workers of any given enterprise first elect, from amongst themselves, a workers' council, and the latter elects a managing committee. Both these organs are ultimately responsible to the collective body of workers. The council approves the plans and annual accounts of the enterprise, decides on the general policies of the management and on the outlines of the production plan, appoints, recalls and relieves of their functions the managing committee or the members thereof, formulates the rules and regulations of undertaking, discusses the reports of the managing committee and approves its work. In addition, it decides on the manner of distribution of that part of the accumulated earnings of the enterprise which remains at its free disposal. The managing committee, which is the executive body, on the other hand, determines the manner in which the production plan should be carried out and appoints the leading officials of the enterprise. It enquires into the complaints of employees, decides on their dismissal or job allocation, and determines salaries and wages, safety measures, social insurance and improvement of living conditions of the men and women working in the enterprise. Under this arrangement, the director becomes the foremost official expert, a kind of first employee of the enterprise. Although, in the initial stages, directors were appointed from outside, the trend now is to select him through competition and from amongst one of the workers themselves. Applications are invited for the post beforehand and selection is made by a special mixed commission, one-third of whose members consists of representatives of the workers' council and the remainder are representatives of professional associations and others nominated by the local commune or people's committee, or, in the case of larger or special enterprise, by the Federal Government.

This does not mean that the manager is at the mercy of the workers' council. While the overall economic policy is laid down by the council, its actual implementation is the responsibility of the manager aided by his managing committee. If the council should reject a proposal made by the manager or the managing committee, the manager may refer the issue to the commune or people's committee. In rare instances, the council may demand the dismissal of a manager if it should consider him inefficient or unsatisfactory, but the final decision rests with the commune and not with itself. While, therefore, the manager should enjoy the confidence of the council, it is not subservient to it: he is more a spokesman of the managing committee and, as long as he is able to carry his committee with himself, he has a free hand in the actual management of the enterprise.

The system has undoubtedly ensured a rapid development of the productive forces of the country—by increasing the productivity of labour and by elimination of unproductive manpower. This has been achieved in two ways. Firstly, instead of remaining as hired manpower, workers have become free producers and independent managers of production. Labour no longer figures as a commodity nor does the worker appear as a passive producer without any direct influence on economic development. The enthusiasm and drive which have ensued have enabled new records of production to be attained.

Secondly, the wages of workers have no longer the character of labourer's pay. After an enterprise has met its obligations to the Federation and to the commune by paying taxes in accordance with the provisions of the federal and local social plans, the enterprises are free to dispose of the remaining income in any way they like and also to decide on the volume of wages and other funds. It is the workers' council which decides how this residual income should be utilised, i.e., how much should be spent on modernization of production, how much on various social security measures and how much on actual wages. Not infrequently, less is set aside for wages and more is spent on other matters, but as such decision is taken

by the representatives of workers, and not imposed by an outside agency like the State, workers feel that they are the masters of the situation. The State acts only as a regulator, guaranteeing certain minimum wages.

An interesting feature of this democratic-socialist setup is that the market is free of State control. The prices are formed on the market itself—depending upon the quantity and quality of articles produced. This spurs workers to greater effort, as they realise that if their products are to fetch higher prices, they must be of good quality and in accordance with the requirements of the consumer. This freedom in economic dealings and relations is something which hardly exists in the more controlled economies of purely Socialistic states.

The efficiency of the Yugoslav system is borne out by the actual figures of production. The index of overall production in industry rose from 100 in 1939 to 208 in 1954; that of means of production, from 100 in 1939 to 735 in 1954; and that of consumer goods, from 100 in 1939 to 184 in 1954. Turning to specific enterprises, we find that electricity generated rose from 1,173 million kilo-watts in 1939 to 3,440 million kilowatts in 1954; coal, from 7,032 thousand tons in 1939 to 13,645 thousand tons in 1954; crude petroleum, from practically nothing to 216 thousand tons in 1954; steel, from 235 thousand tons in 1939 to 616 thousand tons in 1954; cotton and woollen fabrics, from 123 million sq. metres in 1939 to 186 million sq. metres in 1954.

Why did Yugoslavia embark on this novel experiment rather than follow the example of U.S.S.R. where the management of industry, transport and trade has been in the hands of State Trusts operating under managers who are virtual employees of the Central Government? The reasons can be traced in the tangled history of Yugoslavia. Unlike U.S.S.R., Yugoslavia, or more correctly, the states comprised within this Republic (Serbia, Croatia, Slovenia, Bosnia-Herzegovina, Macedonia and Montenegro) had been under foreign domination from the fourteenth century till the end of World War I. The brief period of independence between the two wars was also full of internal dissensions and strife which were aggravated when the Regent, Prince Paul, openly allied himself with the Fascist powers (Mussolini's Italy and Hitler's Germany). Although the Regency was overthrown in 1941, this only led to the forcible occupation of Yugoslavia by Hitler. For four bitter years, the people of this unfortunate country fought the hated foreign conquerors in the face of the most tremendous odds imaginable. When, therefore, the War of National Liberation came to a victorious end, it was felt that the new Republic should be both socialist and democratic. From the very outset, the leader of the liberation movement, Marshal Tito, was thinking in terms of breaking away from the traditional socialist concept of a dictatorship of the proletariat. As soon as effective government had been established, he sought to replace administrative state control by workers' control. Having noticed that, in the U.S.S.R., instead of the State gradually withering away, there had been built up an increasingly inflexible centralism which seemed to perpetuate itself, Marshal Tito argued that the only way in which this bureaucratic centralism could be checked was by introducing democratic management of industrial enterprises in which the workers, as producers, could have the final say.

Although the Yugoslav experiment is only a few years old, it is a challenge to the rest of the world. If it succeeds, as the leaders of Yugoslavia hope that it would, it may bring about a complete reorientation in traditional thinking about public management of economic enterprises. It is also not inconceivable that the example set in this country would be copied even by countries not definitely committed to a socialist philosophy.

ROAD DEVELOPMENT AND TAXATION

IN HIS presidential address at this year's annual session of the Indian Roads Congress convened at Srinagar, Mr. H. P. Mathrani, confined himself, quite understandably, to a discussion of the physical aspects of the problem of road development. Road designs, construction of bridges and tunnels, deviation of highway links passing through urban areas, research in soil mechanics and similar issues are reasonably expected to monopolise the deliberations of an assembly of road-engineers. The magnitude of the road development programme in the second Plan is evident from the provisional target of an allocation of Rs. 350 crores for the Central and States sectors which is about 135 per cent in excess of the allocation of Rs. 150 crores made for the first Plan.

The progress of road development during the first and second Five-Year Plans has been set out in Table A.

TABLE A.

Progress of Road Development

(Figures in Miles)

	Hard Surfaced Roads	Earthen Roads
At the beginning of the firstPlan	97,000	147,000
At the end of the first Plan	107,000	167,000
Addition during the first Plan	10,000	20,000
At the end of the second Plan	123,000	208,000
Addition during the second Plan	16,000	41,000

The estimates in the above table apparently presume that the projects in the first Five-Year Plan will be completed according to schedule. It is one of the serious drawbacks in the progress reports on the first Plan that they fail to provide an assessment of the execution of the road schemes in physical terms, but the trends in expenditure cannot leave any doubt about shortfalls in this respect. It is doubtful whether the tempo of road construction would be so accelerated in the next Plan as to cover this deficiency also while implementing the projects fixed for the second Plan. The targets prescribed tentatively for the second Plan correspond to the targets envisaged in the Nagpur Plan in relation to the territory of the Indian Union.

It is flattering to be told that the country will witness the achievement of the goals set in the Nagpur Plan by March 1961. Probably this date may be pushed forward, but some further delay need not be considered as injurious to the transportation requirements of the economy. This Master Plan defines the minimum extension of the network of road communications which must be completed before an ambitious Plan of intensive development in the country-side can be launched. An outlay of Rs. 350 crores can hardly be regarded as liberal, if the mounting pressure of inland freight traffic is to be met and breakdowns in production are to be avoided.

The real danger in planning for road development lies elsewhere. Too much preoccupation with the physical aspects of the road Plan has tended to obscure the vital importance of the growth of road transport services. Over the country as a whole, the demand for

motor transport has risen in a marked degree for medium hauls and the pressure of this demand has been intensified by the normal shortages of railway transport. Road transport services have not only failed to expand with the expansion of roads in the first Plan but they have lagged strikingly behind the new demand for transport created by increasing production in industry and agriculture. The narrow limits set on their growth by the inadequate increase in the number of motor vehicles available to operate them is brought out in Table B.

TABLE B.

Indices of Production and Motor Vehicles Registration

(1951=100)

	Interim Index of Industrial Production	"Eastern Economist" Index of Agricultural Products*	Goods Trucks	Passenger Buses
1951	100	100	100	100
1952	110	110.5	95.3	100.3
1953	135.3	126.3	104.1	115.1

*NOTE: 1951-52=100. Figures for financial years.

The increase in passenger buses, if it continues at the rate of 1953, may partly remedy this position. But a meagre addition of 4 per cent to freight trucks, when set against the large increases in industrial and agricultural production reveals a serious weakness in the freight transport sector.

The major factor which has depressed the growth of motor transport is the heavy incidence of taxation. The multiplicity of Central and State taxes directly related to motor vehicles has been reinforced by taxation of goods which has a direct effect on the user's total cost of motor transport. The largest burden of tax is imposed by the motor vehicles tax in all the States. The incidence is heavy on all categories of vehicles including cars, buses and trucks to a degree that acts as a deterrent to their popular use. The burden of the tax on freight trucks is typical of the severity of this levy.

RATES OF MOTOR VEHICLES TAX IN SOME STATES

(Figures in Rupees)

Goods Vehicles with laden weight of	Orissa	Madras	Bombay	West Bengal	Assam
(1) 5,600 lbs.	900	800	480	210	210
(2) 11,200 lbs.	1,320	1,172	960	365	360
(3) 20,160 lbs.	1,920	1,708	1,800	810	600

The Motor Vehicle Enquiry Committee (1950) recommended the abolition of all the taxes related to motor transport and their merger into two taxes—petrol tax and motor vehicles tax, the ceiling for the latter being fixed below the rate prevailing in Madras which is the second highest. The net effect of its recommendations, on the basis of tax receipts in 1948-49, would have been to cause a maximum decrease in the case of Madras of Rs. 1.08 crores and a maximum increase in the case of West Bengal of Rs. 2.58 crores. In view of the report of the Taxation Enquiry Commission, its suggestions have lost their weight and authority and the modified policy is bound to be influenced by the recommendations of the Commission. It has disapproved the Committee's scheme of the two-tax structure and on various grounds it has clarified why special sales taxes on motor vehicles and parts, and passenger and goods cannot be abolished. The abolition of double taxation is a matter very largely of mutual arrangement between States and it is reassuring that these arrangements seem feasible in the near future among major States. Octori is similarly undergoing investigation at the hands of a special committee of the Transport Advisory Council.

On the crucial issue of the main taxes—motor spirit and motor vehicles—an anomalous position has arisen. In its enthusism for a consolidated tax system, the Motor Vehicle Enquiry Committee had urged a ceiling on petrol tax at six annas per gallon which is the current maximum. The Taxation Enquiry Commission, however, has thought fit not to disturb this suggestion. But on the basic question of the motor vehicles tax, the TEC has abdicated responsibility and cast the burden on the proposed Inter-State Taxation Council, which is among its recommendations.

It may be unfair to lay the entire blame at the door of the State Governments which have remained adamant in their opposition to the imposition of a ceiling on the motor vehicles tax. There is every justification for their demand for adequate revenue to meet the costs of road repairs. The Taxation Enquiry Commission has conceded the equity of the claim for earmarking a definite share of motor taxes for expenditure on maintenance of roads. But its recommendations suggest drastic reduction of the shares proposed by the Enquiry Committee. Briefly, the share of As. 4½ per gallon from the Central fuel tax which the Committee has suggested to be earmarked for credit to the State Road Development Fund has been pruned by the Commission to As. 2½ per gallon. The total earmarking of the State fuel tax and motor vehicle tax to be credited to the State Road Development Fund, as urged by the Committee, has been watered down to 25 per cent by the Commission. There are other minor variations in the scheme. Outlay on road repair and upkeep is bound to increase progressively in future, and unless it is adequately provided for damage and financial loss to motor transport services cannot be brought within reasonable limits as normal ingredients of operating costs. A scheme of allocations, with a ceiling prescribed in relation to the existing actual expenditure of advanced States, should satisfy the end of equity. Only on this pre-condition can the States be pressed to agree to a reasonable reduction in taxation to provide a stimulus for the expansion of motor transport.

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Economic Report from the U. S.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS

WASHINGTON, June 21.—Amid all the talk about the merits of the three-year extension of the U.S. Reciprocal Trade Agreements programme, one important fact stands out: The Eisenhower, administration has received from Congress virtually all the new tariff-cutting powers it wanted. The administration is expected to lose little time in using its new authority. The new Bill gives the President the right to reduce U.S. tariffs by five per cent a year for the next three years, and to cut down to 5 per cent of the import value any duties above that rate.

A Government study based on past trade patterns shows that more than 4,000 products could be affected, if this new presidential authority is fully utilized. Most of these items already carry such low tariffs that a 15 per cent cut would produce only a relatively small reduction in actual duties. No more than a few hundred carry duties currently in excess of 50 per cent. This underscores another fact. By all reliable standards, the United States is already a low-tariff nation, having reduced its duties by 50 per cent in the 21 years, since its reciplocal trade programme came into effect. More than half of all imports coming to the U.S. enter duty free; tariffs, where they exist, average only 12 per cent of the value of affected imports.

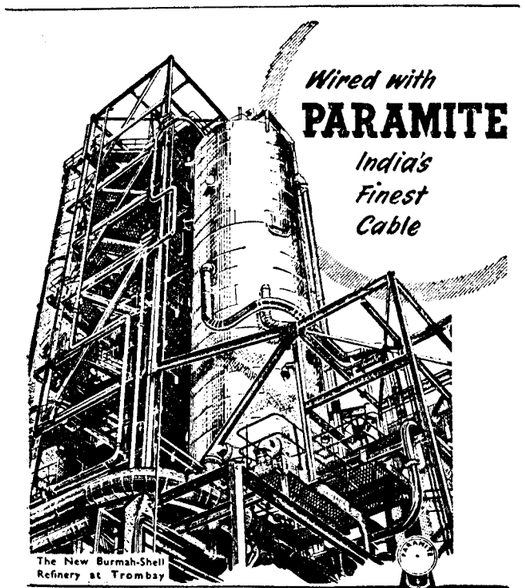
But the three-year extension, which became law this week, gives greater continuity to the U.S. trade programme. The new tariff-cutting powers—the first to be voted in nine years—provide a basis for broader U.S. participation in multilateral negotiations with its 33 partners in the General Agreement on Tariffs and Trade (GATT). Transition of the United States from a one-time high tariff to a present low-tariff nation can be seen in the debate on the Trade Bill. This debate centered on protectionist attempts to introduce exceptions into liberal programme which has become an accepted part of U.S. foreign economic policy.

In some respects, the high-tariff forces were successful. But their success was partial at best. Its effects are in considerable doubt. They succeeded in strengthening the so-called escape clause, thereby making it easier for industries and segments of industries to apply to the Tariff Commission for increase in duty on grounds of harmful import competition. And they succeded in formulating a procedure under which the President could adjust imports when they threatened the national security.

The President, however, remains the final judge. And Mr. Eisenhower's record shows that he has turned down eight out of ten Tariff Commission recommendations for higher duties. Recent actions, moreover, indicate that neither the President nor the Tariff Commission is in any mood to support an increase in tariffs.

The Commission also has given evidence of a broad and firm approach. In unanimously rejecting an appeal for raising of tariff on plywood, for instance, the Commission pointed out that the trend in the American industry is one of long-term growth—a growth aided in large measure by imports that supplement domestic production. Some protectionist groups are not even sure that the new escape clause and security provisions will induce a significant rise in requests for increasing tariff's. One high-tariff advocate concedes that with business on the upgrade, companies will have little incentive to get involved in time-consuming appeals to the Tariff Commission.

Administration officials, meanwhile, are maintaining a discrete silence on the question of future Tariff Negotiations. But reliable observers are predicting that the U.S. Government, if it obtains a reasonable amount of reciprocity and co-operation from its trading partners, will be putting its new-tariff cutting powers to wide-scale use before another year is out.



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The Business World

A LIFT TO LAC

THE two-day session of the Lac conference, which concluded recently under the chairmanship of the Union Minister for Agriculture, Dr. Panjabrao Deshmukh is likely to give a fresh impetus to the lac industry which has been in the doldrums since the slump of 1952.

Lac has multifarious industrial use. It is unfortunate that the production of this product which has contributed materially to the progress of science and industry has been falling during recent years. The production was 12,96,000 maunds in the year 1951-52; it fell to 11,52,500 maunds in the year 1952-53 and came down to 6,54,000 maunds in the year 1953-54. One of the impediments in the way of increased production of lac was fluctuation in prices. This was attributable to reckless speculative activity. Suitable action for this purpose has been taken now at long last after great misery and hardship was caused to the industry and the Government of India has banned speculation in lac under the Forward Markets Regulation Act. Other reasons for decrease in production were the failure of crops due to seasonal factors and shortage of stick lac. The fall in production of the kusum lac, which is the best commercial variety, has been very much pronounced.

Dr. Deshmukh emphasised that lac was a source of subsidiary income to a large number of cultivators in Chota Nagpur (Bihar), hill tracts of Madhya Pradesh, Orissa, Vindhya Pradesh and Assam. For the backward tribes cultivation of lac was an important source of income. To crown it all, lac occupied an important place in export trade, the average annual value of export during the last nine years being Rs. 983 lakhs. India's exports of all kinds of lac during 1954-55 were 7,26,300 maunds valued at Rs. 10½ crores against 732,000 maunds valued at Rs. 6 crores 70 lakhs during 1953-54. Exports during the stock piling days of the Korean War were roughly 9,70,000 maunds valued at Rs. 14 crores 84 lakhs. The immediate cause of the sharp fall in shellac prices in 1952 was the sudden decline in the overseas demand following the termination of hostilities in Korea. But from the long-term viewpoint a deeper threat looms from the growing volume of exports of seed lac or stick lac (which means export of the raw materials product) and the progress in expansion of synthetic substitutes. Reduction in stockpiling depressed the demand from the United States. But there was also an appreciable fall in the requirements of the United Kingdom which is our second largest export market.

As a result of two day brooding the conference arrived at certain conclusions. The establishment of 50 new brood farms in the lac producing states to ensure a steady supply of brood lac to all parts of the country, imparting of technical knowledge of lac cultivation, and the organisation of lac extension service in the lac producing states were some of the important decisions taken by the conference. Bihar, which normally produced nearly 60 per cent of the total lac produced in India, will have 20 brood farms, and Madhya Pradesh, 10. The remaining 20 will be in Uttar Pradesh, Vindhya Pradesh, Orissa, Assam and West Bengal. The lac producing states will carry out a survey of the idle host plants in different areas with a view to bringing them under cultivation. The total expenditure proposed to be provided for lac work in the second Five-Year Plan is Rs. 50 lakhs and the scheme envisages an increase of one lakh maunds per year to raise the total production to 17 lakh maunds by 1960-61, whereas production of lac at the end of the first Five-Year Plan will only be 12 lakh maunds. The other noteworthy recommendations of the conference being the establishment of warehouses and of a few air-conditioned godowns for the storage of lac and organisation of co-operative societies of lac growers, enforcement of quality control at manufacturing and export stages, organisation of separate forest divisions for stepping up lac cultivation; and provision of marketing facilities for lac growers. There were few more suggestions for the merger of uneconomic units and stimulation of demand at home to correct the lop-sided dependence on the market abroad. These recommendations are not new. They have been urged by an enquiry committee set up in Bihar. What is needed is their implementation without further deliberation.

Since only five to eight per cent of total production is absorbed internally, the setting up of an export Promotion Council is a welcome move for strengthening the export front which needs immediate attention. But further possibilities must be explored for larger utilisation of lac internally. Paints, varnishes, oil, cloth, sealing wax, rubber mixing, adhesive and cement are some of the industrial products where it can be best utilised. Besides these, the use of shellac as a coating for pottery has greater potentialities. The recommendations pertaining to credit facilties for formation of co-operatives in the interests of lac industry should receive the first priority. The reconstitution of the Lac Cess Committee which is contemplated by the Government of India has been a long felt need in the realm of agriculture. The lac growers interests demand it urgently. Reform in this direction must be expedited as the industry has been under the spell of a slump for over three years.

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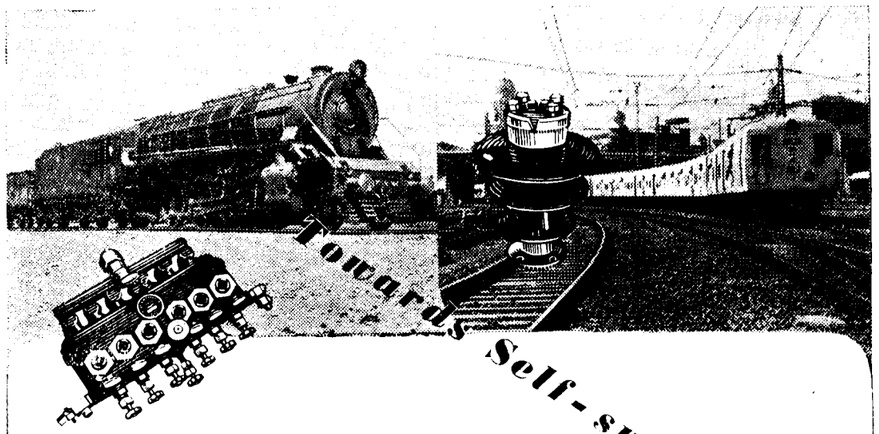
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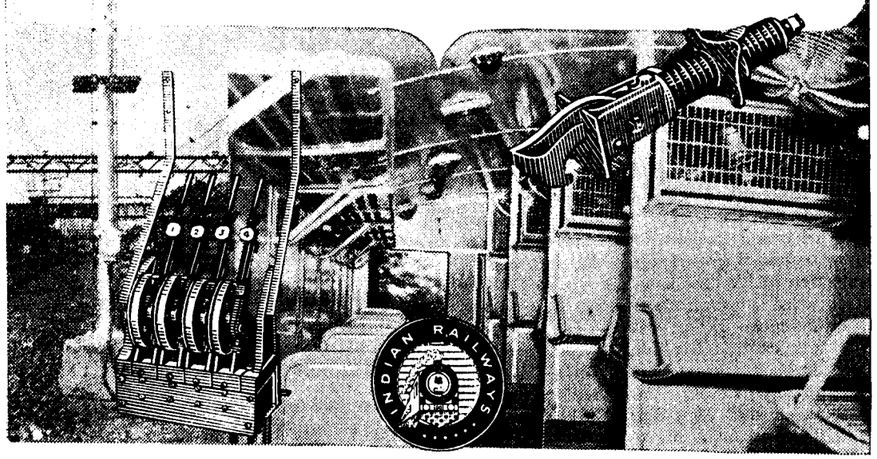
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The recently constituted Railway Equipment Committee is now examining the steps to be taken to attain self-sufficiency in the production of Railway Equipment to the maximum extent possible. To enable industrialists closely to examine and make proposals for expansion of existing factories and for the establishment of new Industries in the Country, Railway Equipment Showrooms are being set up at Bombay, Calcutta, Madras and Delhi.

The Bombay Showroom of Railway Equipment containing over 1000 exhibits of stores not manufactured in India or manufactured in insufficient quantity, has been set up between platforms 8 and 9 at Victoria Terminus and will be open from 17th June, 1955 to all interested persons from 10.00 a. m. to 5.00 p. m. on week days and from 10.00 a. m. to 2.00 p. m. on Saturdays.



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BUSINESS NOTES

ENLARGED TRADE DEFICIT IN 1954-55

THE COMPLETE figures of India's foreign trade during the financial year 1954-55 bring out in a conspicuous manner the central fact that the trade deficit increased by Rs. 7 crores to Rs. 33 crores in this year as compared to the previous year. The total value of imports and exports which rose by Rs. 116 crores to Rs. 1,188 crores in spite of a general decline in prices establishes the fact of a greater volume of trade. This is, of course, not true of our export trade which hung precariously on the boom in tea. But for the abnormal peak which tea prices attained last year our trade deficit would have been larger by anything up to Rs. 45 crores. Tea exports brought Rs. 147 crores in 1954-55 as compared to Rs. 101 crores in 1953-54. The second largest earner of foreign exchange for this country was jute manufactures and yarn which accounted for exports of Rs. 124 crores. Jute and tea changed places as contributors to exports, but the recent price-fall for tea indicates that the new order of precedence cannot be regarded as stable. Cotton textiles and yarn were responsible for exports of Rs. 66 crores. From these three primary props of our export trade there is a precipitate fall. Oils brought Rs. 21 crores, reflecting the effects of a liberal export policy in the later part of the year. Metallic ores, scrap iron and steel accounted for Rs. 19 crores, tobacco for Rs. 11 crores, and drugs and chemicals for Rs. 4.5 crores. Woollen textile and yarn were a little above Rs. 4 crores. This composition of our exports is a harsh reminder that the slogan of diversification will prove difficult to translate in practice.

It is significant that the increase in our imports in 1954-55 as compared to 1953-54 was of the order of Rs. 61.48 crores, while the increase in exports, whose value was swelled by tea prices, was lower at Rs. 54.56 crores. In quantitative terms also, there was a substantial increase in imports. Broadly, articles wholly manufactured whose value reached Rs. 304 crores and raw materials and articles mainly unmanufactured reached in value the level of Rs. 187 crores. They need not necessarily be taken to indicate the impact of development imports as a breakdown of the principal components reveals the following position: Mineral and all other oils Rs. 90 crores, machinery Rs. 83 crores, raw cotton and cotton waste Rs. 58 crores, metals and manufacture Rs. 56 crores, vehicles and locomotives Rs. 33 crores, chemicals and drugs Rs. 32 crores and sugar Rs. 22 crores.

The direction of trade confirms the conventional pattern. The U.K. took the first place with a total value of the two-way trade at Rs. 332 crores. The U.S. accounted for Rs. 169 crores. China and Russia come low in the ladder with total values of Rs. 4.35 crores and Rs. 3.72 crores respectively. The increase in the value of their trade with India last year has ranged around merely Rs. 2 crores.

OVERSEAS SHIPPING FREIGHT RATES

WHILE THERE was no attempt on the part of any responsible section of the public in this country to minimise the magnitude of cargo congestion and delays at the major ports, the firm attitude taken by the Government of India against shipping conference lines in the West in their attempt to impose a surcharge as high as 25 to 35 per cent on cargo handled at Bombay, Calcutta and Madras was justified on the ground of opposition to discrimination. Under situations obtaining in the U.K. ports, which were either similar to or worse than the present situation at Indian ports, no anxiety was shown to secure compensation by means of a surcharge for the losses to ships arising from prolonged detention. India's grievance against this lack of equal treatment has not been answered by concrete evidence of facts. However, it is happy to note that the imminent surcharge, threatened to be made effective from June 15 last, has been dropped for the present by the U.K.-India conference lines. The action of the U.S.-India conferences in postponing the levy till July 15 and taking further action on an appraisal of the situation is less accommodating. But there is room for expectation that these interests also will accord the same treatment to India as was shown to the U.K.

Curiously enough, the Major Liners' Conference of London has chosen to select this very juncture to put up the freight rates for iron ore and manganese ore exported from Calcutta by 5 sh. per ton. Indian shippers attribute this unwarranted increase to causes which may be split up into three categories: (1) The additional levy is an attempt to impose a partial surcharge in a concealed form. (2) It is an attempt to reduce partially the competitive strength of countries depending particularly on Indian manganese ore in their race for steel markets against British manufacturers. (3) It is an attempt to improve the position of other countries exporting these ores in which the U.K. has positive interests. None of these causes individually offers a convincing explanation. The probabilities are that the increase newly announced may contain the last-two elements. Indian exporters of these ores have stated that this increase is a further addition to the increase in the last six months of the order of 30 sh. per ton. Freight rates for manganese ore and iron ore are now pushed up to 100sh. and 95sh. per ton respectively which must prove prohibitive for the lower grades. It is not clear from the Press reports whether a similar additional charge has been made for other exporting ports. But this is a proper case deserving priority investigation at the hands of the special agency appointed by the Government to examine the question of discrimination against Indian shippers. It is desirable to determine first the real character of complaints about discrimination against Indian shippers—whether they amount to allegations based on partial evidence or they reveal a systematic course of action.

PLANT FOR SYNTHETIC RUBBER?

THE INDIAN rubber goods manufacturing industry seems to be worried at present over the prospect of an adequate flow of raw rubber supplies for the factories in the near future. The current position would be clear from data relating to 1954 which show that indigenous output of raw rubber at 21,493 tons was short of the demand of the manufacturing industry by a gap of 3,994 tons. It is assumed that the demand of the Indian factories will be pushed up at a fast rate in the period of the second Five-Year Plan and the present official estimate puts the increased demand to reach the figure of 40,000 tons, while the rise in domestic production is presumed to reach 26,000 tons. These estimates disclose that indigenous production will be raised by 1960 by 4,500 tons only while with this higher level the gap between demand and home output will be of the order of 14,000 tons.

The representative of the Indian Rubber Industries Association who returned from a purchase mission from Malaya recently has apparently taken a pessimistic view of the supply prospect. On the assumption that the official targets will be reached according to schedule, he urges two courses of action, namely, launching a vigorous programme of replanting with colonial seeds and establishing a plant for the production of synthetic rubber. He points out the gross disparity between Indian per acre output of 300 lbs. and Malayan per acre output of 20,000 lbs. It is obvious that due to the operation of a variety of factors the average Indian output cannot be raised rapidly. But this stark fact does not necessarily strengthen the case for the synthetic plant.

apart from this factor, the Association's representative himself feels not on sure ground in pressing the synthetic project. This should be clear from the qualifications with which he circumscribes his proposal. He stresses emergency as a ground for putting up the plant which has no application to normal conditions and further employs vague language about evolving appropriate means to avoid conflict between the plantations and the synthetic plant. The full implications of the plant and its economic operation have obviously not been investigated and it is clear that the proposal is too premature.

INDIAN TRADE AND GENERAL

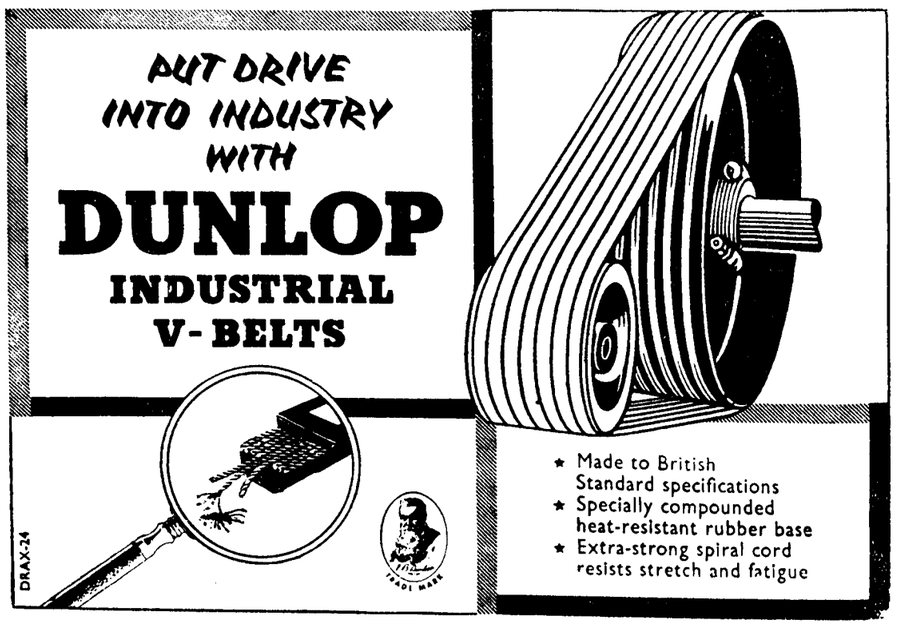
DURING THE calendar year 1954 the Indian Trade and General Insurance Company emerged with greater financial strength in spite of several difficult situations it was called upon to meet. The difficulties were prominent particularly in the marine and miscellaneous businesses. The progressive consolidation of the financial position of the company marks it out for a rank among the leaders in the business. Its reserves for unexpired Liabilities have reached the level of Rs. 35.82 lakhs and the book value of investments has gone up to Rs. 43.79 lakhs. The latter constitutes an increase of Rs. 2.70 lakhs over the previous year. The funds of the company have reached the Rs. 66.37 lakh mark, whereas total assets have been pushed up to Rs. 87.19 lakhs. The management has observed a prudential policy in maintaining the dividend at the previous year's rate of Rs. 1-8 per share.

Lala Karamchand Thapar, the Managing Director, has rightly highlighted the achievement of the company by stressing the amount of the company's net premium income which has created another record at Rs. 57.11 lakhs. This is an improvement by Rs. 5.52 lakhs above 1953. The Fire Department had good luck in 1954 and the claims ratio showed a decline from 46.4 per cent to 39.5 per cent. The Marine Department had to pass through a period of obstructions. The magniture of losses pushed up the claims ratio by 6.5 per cent to 60.1 per cent. It redounds to the credit of the management that commissions and expenses were reduced by 2.5 per cent. In the Miscellaneous Department the claims ratio shot up from 45.3 per cent to 63.9 per cent. Heavy claims on motor insurance account were the principal contributory factor to the high level of claims. It is heartening to note that the company has ventured to write motor insurance business in certaain overseas countries directly on its own.

"CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS"

A PRESS NOTE issued by the Government of India on June 17 last, states that the Labour Bureau of the Government of India has been compiling and issuing Working Class Cost of Living Index Numbers for certain important industrial centres. These are published in the monthly "Indian Labour Gazette" and issued in advance through press notes. These index numbers are designed to measure, by appropriate weighting, the extent of changes in retail prices paid by the working class consumers for goods and services that entered into the average family consumption pattern in the base period. They do not purport to measure changes in living costs due to causes other than price changes. However, the name "Cost of Living Index,' quite often gives a misleading impression that the indices indicate changes in the actual cost of living.

To remove this misconception in pursuance of the decision taken in the Indian Labour Conference held at Bombay in May, 1955, it has been decided to change, with immediate effect, the present term "Working Class Cost of Living Index Numbers" used for the Labour Bureau series to "Consumer Price Index Numbers for Working Class," as this term reflects more appropriately what the indices really measure and conforms to international practices in labour statistics and recommendations made by international bodies. In view of the fact that dearness allowances to working classes are often linked to Cost of Living Index Numbers, the Government of India would like to make it clear that the decision is only in respect of the change-over to a more appropriate name; but for the name, the index numbers will continue to be the same as before both in their scope and method of construction.



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COMPANY AFFAIRS

LARSEN AND TOUBRO

The year ended March 31, 1955 marks a period of successful activity for Larsen and Toubro Ltd. Direct sales increased from Rs. 192 lakhs to Rs. 209 lakhs and indirect sales by about Rs. 45 lakhs over the previous year to Rs. 105 lakhs. Important orders were received for paper making machinery, blast furnace plant, dairy and electrical plant. The sales of "Caterpillar" earthmoving machinery and tube-well drilling equipment too have shown substantial increase.

The net profit, before providing for taxation is higher at Rs. 12.09 lakhs against Rs. 11.65 lakhs during the previous year. Depreciation on Building and Plant was stepped up from Rs. 2.11 lakhs to Rs. 2.57 lakhs. Managing Agents' Commission absorbs Rs. 1.34 lakhs against Rs. 1.29 lakhs in the previous year. Provision for taxation remains unchanged at Rs. 5.00 lakhs.

Out of the net profit of Rs. 7.25 lakhs, the Directors propose to transfer Rs. 2.75 lakhs to the General Reserve Fund and to maintain for the sixth consecutive year a dividend of 10 per cent on ordinary shares. A sum of Rs. 25 thousand is carried forward.

A statement of accounts of the Company for the last three years is given below for comparison.

Year ended March 31	1955	1954	1953
		(Rs. lakhs)	
Sales	209.44	192.16	162.80
Gross profit	44.06	39.39	43.59
Salaries, bonus and gratuities	20.29	19.82	17.85
Depreciation	2.57	2.11	2.72
Net profit*	12.09	11.66	11.50
Provision for taxation	5.00	5.00	5.45
Ordinary dividend (rate per cent)	10	10	10
Transfer to general reserve	2.25	1.00	..

* Subject to taxation.

THE FORT WILLIAM

The sales of the Fort William Jute Co., Ltd. for the half-year ended March 31, 1955 at Rs. 92.39 lakhs show an increase over the previous half-year by Rs. 3.29 lakhs, but inspite of this rise in sales the profit has declined by Rs. 3.25 lakhs to Rs. 6.14 lakhs. The reason for this decline in profit is that there was a considerable damage to the crop of raw jute due to extensive floods in the Jute area. Price of raw jute rose steeply not accompanied by corresponding rise in the prices of jute manufactures. The stocks have gone up to Rs. 9.93 lakhs against Rs. 6.72 lakhs during the previous half-year. The manufacturing expenses are considerably higher at Rs. 61.97 lakhs against Rs. 51.22 lakhs during the last half-year. An increased sum of Rs. 2.26 lakhs has been separated out as depreciation against Rs. 2.13 lakhs, and Rs. 4.00 lakhs have been taken to General Reserve against Rs. 7.00 lakhs during the last report.

The rate of Ordinary Dividend remains unchanged at 20 per cent per annum for the last three half-years.

In compliance with the Working Time Agreements of the Indian Jute Mills Association 12½ per cent of the total looms remained sealed throughout the half-year and the Mills have been working 48 hours per week since 18th October, 1954.

A comparative statement of accounts for the last three reports is given below:

(Rs. lakhs)

Half-year ended	March 1955	Sept. 1954	March 1954
Gunny sales	92.39	89.10	80.56
Stocks	9.93	6.72	4.97
Salaries and wages	22.80	21.57	20.97
Manufacturing expenses	61.97	51.22	46.92
Net profit*	6.14	9.39	6.79
Depreciation	2.26	2.13	2.04
General reserve	4.00	7.00	5.00
Ordinary dividend (rate per cent per annum)	20	20	20

* After providing for depreciation only.

INDIAN TRADE AND GENERAL INSURANCE

The Indian Trade and General Insurance Company Ltd., had a prosperous year ended December 31, 1954. Net premium reached a record level of Rs. 57.11 lakhs, which is Rs. 5.52 lakhs more than the previous year. The increase was even over the three departments—Fire, Marine and Miscellaneous.

To the income from Net Premium is added income from Interests and Dividends amounting to Rs. 1.87 lakhs. The total income of the Company for the year under report comes to Rs. 58.99 lakhs. Claims paid and outstanding taxes Rs. 29.03 lakhs; Commission, Expenses of Management and Foreign Taxes Rs. 22.04 lakhs; and Bad Debts and other debits account for a further Rs. 1.04 lakhs leaving a balance of Rs. 6.88 lakhs. Out of this balance an amount of Rs. 5.57 lakhs has been placed to the Reserve for unexpired risks in all departments, and after making a provision of Rs. 34,169 for Taxation, there is an available balance at the end of the year of Rs. 1.07 lakhs (including Rs. 9.7 thousands carried forward from last year).

Management Expenses, Commission, Depreciation and Foreign taxes absorb 38.6 per cent of our net premium income which compares with the figure 37.7 per cent last year, which still is very satisfactory ratio and well below that at which many other companies are operating today.

The total funds have increased from Rs. 60.22 lakhs last year to Rs. 66.37 lakhs during the year under report. Net claims paid too have increased to Rs. 29.03 lakhs against Rs. 25.01 lakhs last year.

A Dividend of Rs. 1-8 has been paid, as in case of last year, for 60,000 ordinary shares of Rs. 100 each.

Comperative figures in respect of few items for the last three years are given below:

(Rs. lakhs)

Year ended December	1954	1953	1952
Capital paid-up	24.00	24.00	24.00
Net Premiums	57.11	51.58	40.53
Net Claims paid	29.03	25.01	N.A.
Total funds	66.37	60.22	53.13
Reserve for Marine Revenue Account	1.13	2.10	0.51
Reserve for Miscellaneous Revenue Account	1.44	..	..
Profit*	1.32	0.89	1.00
Dividend Rate (per cent)	1½	1½	..

* Before providing for taxation.





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COMMODITY NEWS AND NOTES

MARKETS FOR JUTE

The exports of manufactured jute goods during 1954-55 at 852.3 thousand tons were highest as compared to last three years. The exports for 1953-54 and 1952-53 were 776.8 thousand tons and 705.9 thousand tons respectively. The value of exports has increased from Rs. 113.77 crores to Rs. 123.97 crores. This year there has been, therefore, about 10 per cent increase in quantity against about 9 per cent rise in value of exports. Last year, however, in spite of an increased quantity of exports there was a fall in earnings dut to fall in prices as compared to a year before.

Most of our gunny cloth is imported by the U.S.A. and in 1954-55, it was 155.6 thousand tons. Argentine Republic comes second with 72.1 thousand tons. U.K. and Canada are other important importers. Gunny bags are mostly exported to Australia—1954-55 export being 92.4 thousand tons. Cuba, Burma, U.K. and Egypt imported 37.2 thousand tons, 24.2 thousand tons, 21.3 thousand tons and 22.9 thousand tons. China, Thailand and Indonesia are other important importers. Rope and twine is mostly imported by Singapore, Indonesia and other Asian countries.

Jute being the most important export product, it is very necessary that we maintain proper quantity and prices of our exports abroad against the increasing competition from the jute goods manufacturing industries, particularly Japan and Pakistan. To attain a stable and diversified trade we must keep on knocking for fresh markets.

Mr. M. P. Birla, Chairman of the Indian Jute Mills' Association announced recently that the association proposes to send a delegation to China and the East Asian countries and another to Australia and New Zealand for developing market for jute products. He gave out that the maintenance and development of their markets in the face of the competition had their constant attention. They were in consultation with the Union Government in this regard and he was confident that any proposal for increasing trade with the East Asian countries would be favourably received.

DEVELOPMENT OF TOBACCO

Tobacco development schemes for inclusion in the second Five-Year Plan would be considered at the annual meeting of the Indian Central Tobacco Committee at Madras on June 30. The meeting would be attended by representatives of the Central and State Governments, members of Parliament, tobacco traders and growers.

The meeting would discuss, among other things, schemes for the trial cultivation of 'bidi' and 'hookah' tobacco in Bhopal and Virginia Cigarette Tobacco in three selected areas in West Bengal and measures aimed at improving the quality of Indian tobacco. The hardships caused to the bidi tobacco trade in Bombay on account of different rates of excise duty levied on bidi tobacco and proposals submitted by the Governments of Andhra, Bombay and Mysore for financial assistance by the tobacco committee to co-operative societies, would also come up for consideration.

ESTIMATED PRODUCTION 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 for 1954-55 puts the area and production at 44,400 acres and 13,400 tons, as against the partially revised estimate of 44,800 acres and 13,800 tons for the previous year. This shows a decrease of 400 acres or 0.9 per cent in area and 400 tons or 2.9 per cent in production over last year. The decrease in area and production has mainly occurred in Bombay, Madras, West Bengal, Hyderabad and PEPSU due to unfavourable weather conditions. This decrease has, however, been offset, to some extent, by the increase registered by Madhya Bharat, Mysore, Himachal Pradesh and Vindhya Pradesh.

PEPPER EXPORTS: QUANTITY AND EARNINGS

Quite in contrast to other plantation products such as tea and coffee, pepper exports recorded a sharp decline in value during 1954-55 in spite of the increase in the quantum exports. Although pepper shipments improved from 255,220 cwt., in 1953-54 to 273,782 cwt., in 1954-55, the value of exports fell sharply from Rs 12.86 crores to Rs. 6.95 crores, respectively.

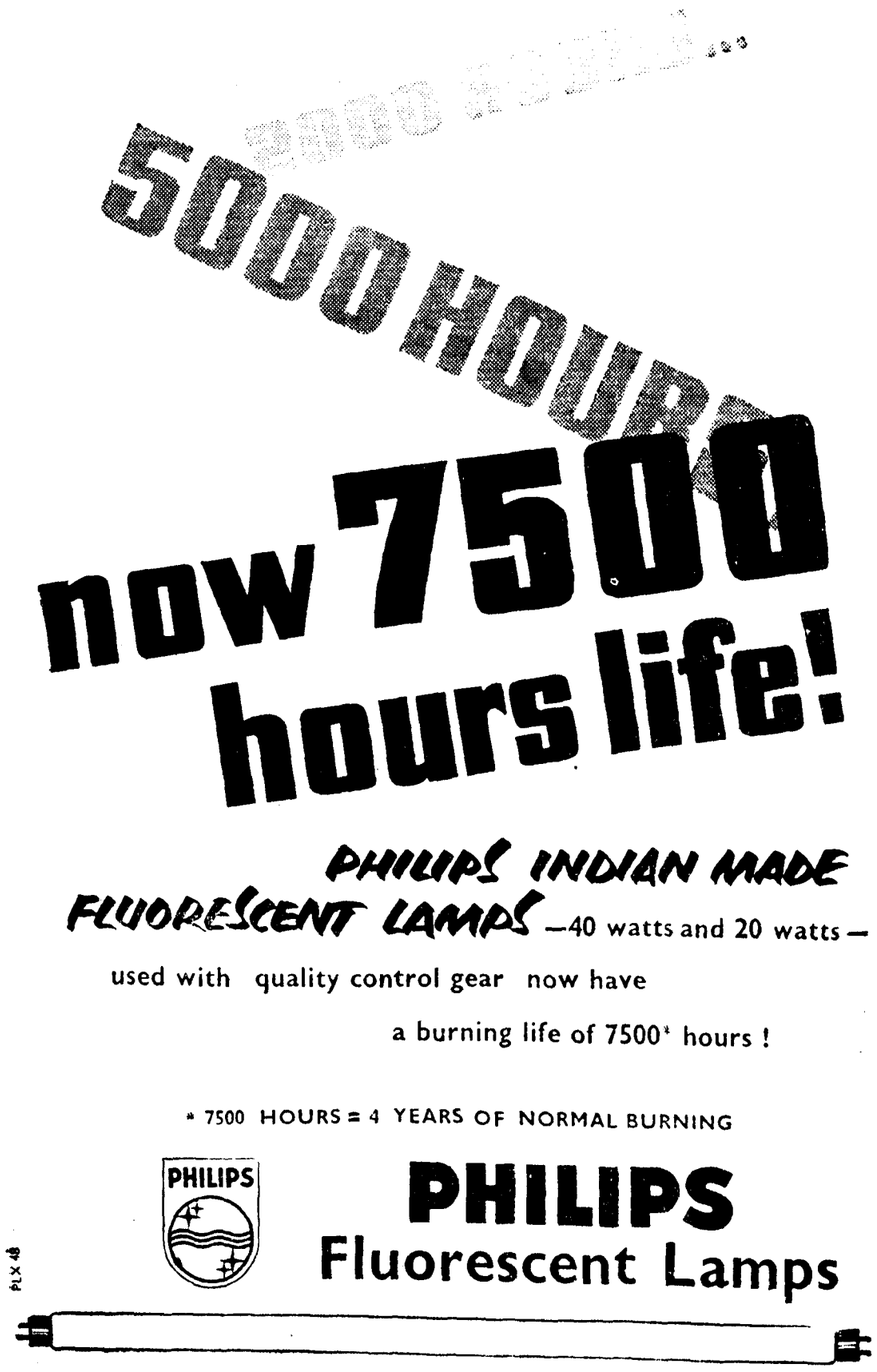
Increased offtake by the U.S.A. was mainly responsible for the larger shipments off pepper. The U.S. offtake increased from 144,908 cwt. in 1953-54 to 190,142 cwt., in 1954-55 but the value was lower at Rs. 4.71 crores against Rs. 7.45 crores. Shipments to Egypt and Italy were also slightly better at 16,001 cwt. and 13,790 cwt., respectively, but the offtake by other countries was lower. Exports to the U.K. fell sharply from 31,615 cwt. to 6,235 cwt. and to France from 6,638 cwt. to 787 cwt. Exports to the U.S.S.R. also declined from 19,000 cwt. to 13,500 cwt. The sharp break in pepper prices in the world market due to increased production in Indonesia and Sarawak, was responsible for the fall in the value of pepper exports.

SELF-SUFFICIENCY IN FERTILIZERS

India has made considerable progress in achieving self-sufficiency in chemical fertilizers. Production of ammonium sulphate in the country increased from 319,616 tons in 1953 to 340,222 tons in 1954. The output is, however, below the installed capacity of about 426,890 tons per year. At the beginning of the first Five-Year Plan India was a large importer of fertilizers. In 1950-51, the imports amounted to 370,000 tons valued at over Rs. 11 crores. The value of imports considerably declined from Rs. 2 crores in 1953-54 to Rs. 29,000 only in 1954-55.

SITUATION VACANT

Required by a leading and old-established group of industrial and commercial organisations in North-East India, a man of first-class ability and personality to fill the post of Labour Adviser. Candidates should have a good University degree, preferably in economics or in law and a diploma in either social science or industrial administration or other equivalent qualification. They should also have a thorough knowledge of labour legislation and its practical application and at least 10 years' practical experience of personnel management and industrial relations under Indian conditions. A sound command of English is essential and a good working knowledge of both Bengali and Hindi is desirable. Age group 35-45 preferred. Salary will be commensurate with age, qualifications and experience, and the post carries Provident Fund benefits. Candidates should submit full details of educational qualifications and practical experience to Box No. 101: c/o 'The Eastern Economist' 52, Queensway, New Delhi-1. Only the applications of those candidates possessing the requirements enumerated above will be entertained.



Company Meeting

INDIAN TRADE & GENERAL INSURANCE CO., LTD.

Summary of Statement of Shri Lala Karam Chand Thapar, Managing Director accompanying the Annual Report and Accounts for 1954.

In his statement accompanying the Report, Accounts and Balance Sheet of the Indian Trade and General Insurance Co., Ltd. for the year ended 31st December, 1954, the Managing Director, Lala Karam Chand Thapar reports that the Net premium Income of the Company has reached a fresh record of Rs. 57,10,597, an increase of Rs. 5,52,451 over the figure for the previous year.

The Fire Department had a very good year, the Net Premiums totalling Rs. 27,67,331 as against Rs. 25,97,027 in the previous year, and the Claims Ratio showing a reduction from 46.4 per cent to 39.5 per cent. Commissions and Expenses of Management at 45.6 per cent compare favourably with the average expense ratio of the British Tariff Offices conducting worldwide business. After increasing the Reserve for Unexpired Risks by Rs. 1,10,667 to Rs. 13,58,015, a sum of Rs. 3,25,415 has been transferred to the Profit and Loss Account.

The Marine Department came through a difficult year creditably; the Net Premiums amounting to Rs. 18,80,133 as compared to Rs. 16,57,458 in the previous year. An exceptionally large number of total losses and general average losses resulted in an increase in the Claims Ratio from 53.6 per cent in 1953 to 60.1 per cent in 1954, but Commissions and Expenses of Management came down from 29.4 per cent to 26.9 per cent. The Reserve for Unexpired Risks has been further strengthened by Rs. 3,66,153 and now stands at Rs. 16,92,120, more than double the Reserve maintained two years ago.

In the Miscellaneous Department, although the Net Premiums went up from Rs. 9,03,662 in 1953 to Rs. 10,63,133 in 1954, the Claims Ratio rose from 45.3 per cent 63.9 per cent, mainly due to heavy Motor claims in certain Overseas territories where the Company has started writing direct business. On the other hand, Commissions and Expenses of Management at 39.9 per cent showed a reduction compared to the figure of 42.8 per cent in the previous year. The Reserve for Unexpired Risks has been increased by Rs. 79,736 to Rs. 5,31,567.

The Balance Sheet position has again been strengthened, the Reserve for Unexpired Liabilities now amounting to Rs. 35,81,702 and the Book Value of Investments totalling Rs. 43,79,139, an increase of Rs. 2,69,875 over the figure for the previous year. The Funds of the Company now stand at Rs. 66,37,298 and the total assets at Rs. 87,18,937. The Company has therefore emerged from a year, which has not been without its difficulties, with strengthened resources, and has definitely established itself in the very forefront of the leading Indian companies.

It is proposed to maintain the same Dividend as in the previous year (Rs. 1/8 per Share) and the amount provided for this purpose is more than doubly covered by the Investment income of the Company.

INDIAN TRADE AND GENERAL INSURANCE CO., LTD.

ABRIDGED BALANCE SHEET AS AT 31ST DECEMBER, 1954.

LIABILITIES		ASSETS	
Creditors	12,57,569	Cash in Bank	7,49,073
Taxation	87,500	Debtors	32,50,649
Underwriting Reserves	44,05,772	Investments (Marketable)	44,35,937
Current Liabilities	57,50,841	Current Assets	84,35,659
Provisions	4,60,885	Furniture & Fixtures	1,81,076
Capital	24,00,000	Motor Cars & Stationery	1,02,202
Profit & Loss Account	1,07,211		
TOTAL	87,18,937	TOTAL	87,18,937



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index)† Year Ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.3	95.6
1954-55 ..	316.1	436.5	350.5	377.3	614.0	377.7	90.5	100.7	88.4	113.0
August 1954 ..	362.4	420.9	351.9	375.7	608.9	382.5	90.7	100.6	89.4	117.4
September ,, c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.4	100.5	88.5	120.9
October ,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.3	100.5	88.4	118.2
November ,, c ..	334.2	443.8*	348.8*	377.0	605.4	376.1	90.4	100.5	88.3	116.0
December ,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.2	100.8	88.3	113.7
January 1955 ..	310.3	432.9	344.3	375.5	568.8	363.9	90.6	100.7	88.4	114.9
February ,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March ,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.1
April ,, c ..	283.6	398.6*	327.8	377.1*	541.2	345.4*	90.5	100.6	87.5	115.0
May ,, c ..	276.1	396.4	329.6	374.6	544.6	342.0	90.7	100.7	97.9	112.9
Week Ending										
7-5-1955 ..	272.4	395.9	328.2	376.9	540.0	340.7	90.6	100.6	88.0	113.8
14-5-1955 ..	276.5	397.1*	328.3	377.5	542.9	342.8*	90.7	100.7	87.8	113.0
21-5-1955 ..	279.2	399.6	330.6	374.7*	547.0	343.9*	90.7	100.7	87.6	112.4
28-5-1955 ..	276.2	389.6	331.4	373.6	548.8	341.0	90.8	100.7	87.6	112.3
4-6-1955 ..	276.7	386.6	330.4	371.0	574.8	340.6	90.8	100.5	87.6	111.9

†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	
				Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpur†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	All India†
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	138
1954 June	350	367	240	135	332	396	375	141	342	149	143	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	363	235	141	336	404	369	134	338	145	143	138
November	344	361	227	139	325	387	370	135	337	146	139	135
December	341	352	217	135	321	369	370	128	337	144	135	134
1955 January	335	358	210	132	324	372	370	126	333	141	136	134
February	329	345	207	128	310	384	362	126	326	—	135	—
March	328	340	205	127	310	377	—	—	321	—	—	—
April	328	340	200	126	311	352	—	—	314	—	—	—
May	—	—	—	122	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED 18-6-1955			11-6-1955			4-6-1955			28-5-1955		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola) ..	94-15	92-10	93-12	94- 4	92-12	93- 5	94-1	92-4	93- 0	95- 3	92- 7	93-11
Silver (per 100 fine tolas)	158- 5	154-12	156-13	164- 0	156- 0	160- 2	162-0	160-4	161- 3	165- 9	160- 2	163- 6

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES: Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	ASSETS: 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	604,02	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	92,83	430,11	1,156,97
1954-55*	1,197,05	22,92	1,219,97	40,02	648,90	689,31	56.47	102,25	428,78	1,219,99
Average of Fridays										
November 1954	1,167,21	19,65	1,186,87	40,02	623,15	663,17	55.88	105,95	417,75	1,186 87
December ,,	1,198,02	22,22	1,220,14	40,02	657,15	697,17	57.13	105,32	417,75	1,220 24
January 1955	1,220,25	14,88	1,235,13	40,02	656,70	695,72	56.3	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703,17	56.1	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
April ,,	1,313,32	18,91	1,331,74	40,02	652,98	692,99	52.03	104,99	533,75	1,331,74
May ,,	1,324,71	15,14	1,339,85	40,02	661,98	702,00	52.39	104,14	533,71	1,339,85
Week Ending										
29-4-1955	1,310,77	31,22	1,341,99	40,02	661,98	702,00	52.31	106,24	533,75	1,341,99
6-5-1955	1,329,26	10,54	1,339,80	40,02	661,98	702,00	52.40	104,09	533,71	1,339,80
13-5-1955	1,331,09	8,52	1339,61	40,02	661,98	702,00	52.40	103,90	533,71	1,331,09
20-5-1955	1,322,41	17,46	1,339,87	40,02	661,98	702,00	52.39	104,16	533,71	1,339,87
27-5-1955	1,316,09	24,03	1,340,12	40,02	661,98	702,00	52.38	104,42	533,71	1,340,12
3-6-1955	1,324,95	14,30	1,139,25	40,02	652,04	692,06	51.68	103,55	543,65	1,339,25
10-6-1955	1,331,28	8,23	1,339,50	40,02	652,04	692,06	51.67	103,80	543,65	1,339,50

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS: Central Government	Other Governments	Banks	Others	Total	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
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,47	34.21	520,40	14,55	544,96	47,24	2,62	406,95	1,57	21	81,53	4,85
1948-49*	222,17	6,62	80,53	56,52	393,72	15,33	419,05	22,12	4,28	307,78	1,71	3,34	75,65	4,14
	(14,33)	(3.04)									(1)			
1949-50*	141,19	23,12	67,00	64,39	295,69	15,76	321,45	24,12	4,30	280,91	3,35	8,39	960,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,70	2,37	6,77	76,72	5,06
1951-52*	181,30	15,95	58,68	69,22	325,15	18,62	353,77	27,92	6,31	187,14	5,90	19,42	95,19	11,91
1952-53*	136,40	7,79	52,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	23,40	46,52	57,45	232,80	23,91	266,72	23,22	9,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,23	21,85	55,15	36,18	201,02	23,59	234,68	23,18	6,06	87,31	1,17	27,00	80,25	9,95
Average of Fridays														
November 1954	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
December ,,	63,53	12,33	69,12	34,44	179,42	21,44	210,86	22,50	7,28	72,79	1,73	16,91	80,33	9,31
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	198,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	38,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
April ,,	56,47	36,38	47,74	22,05	162,55	32,79	205,34	18,59	11,96	69,30	51	36,73	45,26	22,92
May ,,	52,97	17,90	48,89	22,08	141,84	38,25	190,08	15,28	11,46	51,97	80	40,22	41,51	28,76
Week Ending														
29-4-1955	51,02	35,00	48,66	22,80	157,47	32,45	190,92	31,37	11,60	53,19†	89	35,45	41,57	25,46
6-5-1955	50,09	23,21	47,24	22,08	142,63	34,01	186,64	10,64	12,02	53,76†	80	40,49	41,48	27,44
13-5-1955	51,93	19,24	47,97	22,34	141,48	36,85	188,32	8,67	11,70	52,07†	80	44,52	41,47	29,09
20-5-1955	55,23	14,99	50,87	22,11	143,20	40,68	193,88	17,60	10,89	5358†	80	40,47	41,28	29,25
27-5-1955	54,63	14,17	49,46	21,77	140,04	41,44	191,48	24,19	11,23	48,46†	80	35,78	41,79	29,24
3-6-1955	52,21	14,75	46,72	21,88	135,56	41,79	187,35	14,41	12,24	60,03†	80	29,40	40.74	29,73
10-6-1955	55,35	11,58	48,95	21,68	137,57	42,28	189,85	8,34	14,09	66,11†	1,36	29,63	40,52	29,81

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

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES: Demand	Time	Total (2+3)	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
(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
1953-54 ..	526,75	328,26	855,00	31,97	44,48	8.98	442,79	51,40	57.80	321,29
Average of Fridays										
Decembr 1954 ..	572,33	365,98	978,31	34,66	68,09	10.50	463,12	71,78†	54.68	349,22
January 1955 ..	576,31	368,39	945,19	32,83	60,31	9.85	476,93	78,24†	58.74	351,33
February ,, ..	585,47	370,53	956,00	32,16	49,63	8.58	494,74	84,46†	60.58	354,09
March ,, ..	578,19	375,11	953,30	32,95	46,16	8.27	509,93	102,47†	64.21	346,25
April ,, ..	587,73	380,42	968,19	34,43	46,61	8.37	507,25	119,49†	64.74	343,27
May ,, ..	585,70	386,37	972,07	34,64	47,08	8.41	504,23	119,56†	65.77	344,41
Week Ending										
13-5-1955 ..	581,37	385,89	967,26	34,83	45,97	8.35	507,51	118,74†	66.13	344,28
20-5-1955 ..	587,78	387,63	975,41	34,32	48,59	8.50	503,33	119,27†	65.48	344,29
27-5-1955 ..	592,68	388,17	980,85	35,31	47,54	8.45	500,12	119,69†	64.84	344,34
3-6-1955 ..	591,01	391,40	982,40	35,02	49,24	8.58	500,72	119,54†	64.85	344,49
10-6-1955 ..	592,19	393,06	985,25	34,61	46,64	8.45	501,09	116,78†	64.51	344,87

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

MONEY SUPPLY

(Lakhs of rupees.)

Last friday	Money supply	Total currency with the public	Deposit money with the public: Total	Demand liabilities of banks	Total deposits with Reserve Bank (excluding those of central Govt. & Banks)	Total variations in money supply
1	(2)=(3)+(4)	(3)	(4)	(5)	(6)	(7)
1952-53 ..	1,749,95	1,164,64	585,31	548,95	36,36	−42,89
1953-54 ..	1,846,35	1,219,22	627,13	549,83	77,30	+96,40
1954-55 ..	1,974,84	1,305,69	669,15	599,18	69,97	+128,49
March 1954 ..	1,846,35	1,219,22	627,13	549,83	77,30	+57,47
April ,, ..	1,844,92	1,242,54	602,38	558,05	44,33	−1,43
May ,, ..	1,830,54	1,229,31	601,23	563,56	37,67	−14,38
June ,, ..	1,798,01	1,199,85	598,16	564,99	33,17	−32,53
July ,, ..	1,769,96	1,167,95	602,01	568,64	33,37	−28,05
August ,, ..	1,764,85	1,159,94	504,91	577,98	26,93	−5,11
September ,, ..	1,767,40	1,166,93	600.47	576,01	24,46	+2,55
October ,, ..	1,791,02	1,179,19	611,83	579,08	32,75	+23,62
November ,, ..	1,801,96	1,182,56	619,40	591,39	28,01	+10,94
December ,, ..	1,843,23	1,218,99	624,28	597,20	27,08	+41,32
January 1955 ..	1,872,47	1,240,65	631,82	601,04	30,78	+29,19
February ,, ..	1,910,54*	1,267,56*	642,98*	610,02*	32,96	+38,07*
March ,, ..	1,974,84*	1,305,69*	669,15*	599,18*	69,97	+64,30*
April ,, ..	1,999,28*	1,339,67*	659,61*	613,64*	45,98	+24,44*

* Provisional.

INDIA'S TRADE WITH U.K.

Principal Exports

£ 000

	Year 1954	April 1954	April 1955	4 Months Jan.-Apr. 1954	4 Months Jan.-Apr. 1955
Total All Exports	148,595	9,088	11,734	50,316	66,871
Of which:					
Tea	76,963	2,379	4,544	24,961	40,114
Leather, leather manufactures & dressed furs	13,271	1,021	1,110	5,088	4,305
Tobacco & tobacco manufactures	6,910	379	646	698	903
Hides, skins & fur skins, undressed	974	95	72	371	323
Wool & other animal hair & tops	5,567	276	205	1,829	1,624
Cotton	2,564	262	208	1,225	1,113
Miscellaneous textile fibres & waste	1,070	95	240	300	639
Metalliferous ores & metal scrap	3,081	590	177	1,495	937
Miscellaneous animal & vegetable crude materials	4,528	311	440	1,451	1,835
Animal & vegetable oils, fats, greases& derivatives	1,892	66	604	195	1,774
Cotton yarns & woven fabrics	6,855	619	399	2,079	2,653
Miscellaneous textile manufactures	16,444	1,546	1,987	7,186	6,465

Principal Imports

£ 000

	Year 1954	April 1954	April 1955	4 Months Jan.-Apr. 1954	4 Months Jan.-Apr. 1955
Total All Imports	114,907	8,920	10,974	39,015	43,856
Of which:					
Machinery other than electric	28,151	2,408	2,280	9,850	10,391
Electric machinery, apparatus & appliances	14,836	1,143	1,228	5,297	5,510
Wool & other animal hair and tops	4,929	538	514	1,825	1,919
Petroleum & petroleum products	4,610	313	181	1,680	736
Chemicals	15,152	1,108	1,289	4,872	5,504
Paper, paperboard & manufactures thereof	1,331	114	195	436	685
Iron & steel	5,891	395	516	1,999	2,832
Non-ferrous base metals	1,653	155	214	450	794
Manufactures of metals	5,080	411	637	1,851	1,837
Railway vehicles	3,052	289	606	1,301	1,560
Road vehicles & aircraft	9,363	883	1,007	3,587	3,465
Scientific instruments; photographic & optical goods; watches & clocks	2,239	168	275	691	1,072

U.K. MACHINERY EXPORTS TO INDIA

£ 000

	Year 1954	April 1954	April 1955	4 Months Jan.-Apr. 1954	4 Months Jan.-Apr. 1955
Total Machinery	42,987	3,551	3,508	15,147	15,901
Of which:					
Boilers & boiler-house plant	1,463	142	122	605	544
Internal combustion engines	1,883	156	160	653	619
Agricultural machinery	197	13	12	45	65
Agricultural & track-laying tractors	754	64	38	253	334
Machine tools (excluding portable power tools)	2,005	166	200	680	780
Pumps	744	53	44	213	226
Industrial & works trucks & tractor & mechanical handling equipment	1,612	174	109	515	582
Excavating & earth-moving machinery & road rollers	650	15	161	101	548
Mining & well drilling machinery	481	34	22	179	101
Printing & bookbinding machinery & printing type	573	48	30	189	212
Textile machinery	6,863	615	500	2,493	2,197
Air conditioning & refrigerating machinery	252	21	24	92	97
Converting machinery, transformers, switch gear & switchboards	4,023	310	252	1,339	1,435
Electronic valves, & radio, television, radar & sound reproducing apparatus	1,544	85	205	378	684
Telegraph & telephone equipment & line apparatus	1,420	189	70	788	286
Electric cables, wires, strips & strands, insulated	2,705	199	281	1,127	1,093
Generating sets, generators & motors	2,233	168	169	725	857

Source: Trade and Navigation Accounts of the U.K. (H.M.S.O.)

Gokhale Institute of Politics & Economics 164813 600 004.

INDUSTRIAL PRODUCTION IN INDIA

(Monthly averages or calendar months)

Item	Unit	Latest Installed Capacity	1952	1953	1954	1954 October	1954 November	1954 December	1955 January	1955 February
Coal	'000 tons	..	3019	2987	3,067	2921	3323	3,503	3,153	3,249
Sugar	,,	113.1	124.5	106.6	90.5	7.1	65.4	250.5	333.1	318.3
Tea	Lakh lbs	..	512.1	504.8	53.1	94.7	60.8	21.3	8.3	7.7
Cigarettes	Lakhs	20208	16766	16528	17,195	17590	17400	15770	19,130	..
Cotton yarn	,, lbs	..	1208	1255	1,303	1230	1350	1,430	1350	1,250
Cotton cloth	,, yds	..	3832	4,065	4,167	3790	4210	4,510	4,370	4,020
Jute	'000 tons	..	79.3	72.4	77.3	75.1	88.6	94.0	83.9	81.8
Woollen Manufactures	,, lbs	1667	1382	1,604	1,563	1705	1825	1680	2,027	2,044
Plywood	,, sq. ft.	12000	7545	5100	6,439	6567	7658	8,452	8,476	9,063
Paper & Paper Boards	Tons	14475	11459	11642	12,944	13981	15035	16,537	15,676	..
Sulphuric Acid	,,	16135	8007	9091	12,401	13543	12610	13660	13,768	..
Caustic Soda	,,	3471	1422	1909	2,429	2603	2644	2667	2854	..
Soda Ash	,,	5100	3694	4739	4,024	4338	3497	5,258	5948	..
Chlorine Liquid	,,	1529	520	678	815	971	854	890	929	..
Bleaching Powder	,,	650	66	162	244	209	296	202	215	..
Bichromates	,,	493	122	209	270	284	317	283	256	..
Superphosphates	,,	17573	3888	4025	8724	8615	8053	8035	7378	..
Ammonium Suiphate	,,	35571	18359	26,635	28,352	36579	29646	35,901	34,295	..
Paints and Varnishes	,,	5400	2831	2671	2,926	2998	2860	3,049	3,103	..
Matches (cases)†	Thousand	58.8	51.6	49.2	45.0	48.9	48.5	50.1	47.2	..
Sheet glass (sq.ft.)	,,	8440	753.6	1898.9	2759.4	4356.4	4.803.4	5233.9	4388.8	..
Cement	,, tons	370.3	294.8	315.0	366.5	372.3	368.5	398.1	375.8	363.7
Refractories	,,	27.5	20.3	19.0	19.4	17.8	20.8	21.0	19.1	..
Pig-Iron	,,	185.1	140.4	137.9	149.4	151.7	155.1	162.0	155.7	..
Steel Ingots and Metal for Castings	,,	128.5	131.5	125.6	140.4	143.2	145.6	152.8	157.4	..
Aluminium	Tons	584.0	297.2	313.2	407.2	498.6	465.8	488.4	486.2	461.4
Copper	,,	600.0	506.6	410.0	597.6	665.0	630.0	642.0	336.0	605.0
Lead	,,	500.0	94.3	141.2	149.0	77.5	200.0	240.0	225.0	162.0
Hurricane Lanterns	Thousand	381.9	293.6	359.4	415.6	259.1	433.6	223.3	383.7	..
Enamel-ware (pieces)	,,	2500.0	640.9	790.3	1193.6	1215.4	1361.9	1247.2	1139.4	..
Diesel Engines	Nos.	1097	354	310	721	640	876	1,047	701	..
Sewing Machines §	,,	3458	4170	5202	6685	3896	7146	8,130	6,428	7,100
Machine tools (value)	'000 Rs.	..	369.8	367.3	417.9	414.7	291.5	552.6	479.7	..
Dry Cells	Lakh	184.6	108.5	123.7	123.9	86.6	108.5	103.1	103.1	..
Storage Batteries	Thousand	24.7	13.2	14.7	15.7	13.4	18.2	20.7	17.4	..
Electric Motors	,, H.P.	16.7	13.1	13.5	15.6	13.8	16.2	20.1	17.7	..
Power transformers	'000 K.V.A.	27.3	17.9	25.7	33.2	28.6	35.5	42.8	38.6	38.0
Electric lamps	Thousand	2433.3	1740.0	1647.3	1923.0	1594.2	2170.5	2198.3	1935.2	..
Electric Fans	,,	25.3	16.3	16.6	19.7	13.3	20.8	24.2	22.3	..
Bicycles	Nos.	36458	16413	22014	31030	26972	42113	49939	28861	..

† 50 gross boxes of 60 sticks each.

§ Installed capacity calculated for a single shift working, while one of the two units has been working more than one shift.

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

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